



COUNCIL CHAMBERS

17555 PEAK AVENUE MORGAN HILL CALIFORNIA 95037

COUNCIL MEMBERS

Dennis Kennedy, Mayor
Steve Tate, Mayor Pro Tempore
Larry Carr, Council Member
Mark Grzan, Council Member
Greg Sellers, Council Member

REDEVELOPMENT AGENCY

Dennis Kennedy, Chair
Steve Tate, Vice-Chair
Larry Carr, Agency Member
Mark Grzan, Agency Member
Greg Sellers, Agency Member

FINANCING AUTHORITY

Dennis Kennedy, President
Steve Tate, Vice-President
Larry Carr, Authority Commissioner
Mark Grzan, Authority Commissioner
Greg Sellers, Authority Commissioner

WEDNESDAY, JANUARY 26, 2005

AGENDA

JOINT MEETING

REDEVELOPMENT AGENCY REGULAR MEETING

and

CITY COUNCIL SPECIAL MEETING

and

MORGAN HILL FINANCE AUTHORITY COMMISSION MEETING

7:00 P.M.

***A Special City Council Meeting and Financing Authority
Commission Meeting Is Called at 7:00 P.M. for the Purpose
of Conducting Closed Sessions and City Business.***

Dennis Kennedy, Chairperson, Mayor, and
President of the Financing Authority Commission

CALL TO ORDER

(Chairperson/ Mayor /President Kennedy)

ROLL CALL ATTENDANCE

(Agency Secretary/ City Clerk/Authority Secretary Torrez)

DECLARATION OF POSTING OF AGENDA

Per Government Code 54954.2

(Agency Secretary/ City Clerk/Authority Secretary Torrez)

7:00 P.M.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

PROCLAMATION

Silicon Valley Reads

Melinda Cervantes, County Librarian

Rosanne M. Macek, Community Librarian

RECOGNITION

Retiring Senior Advisory Committee Member

Marilyn Gadway

OTHER REPORTS

Finance & Audit Committee Quarterly Report

City Treasurer Roorda

CITY COUNCIL SUBCOMMITTEE REPORTS

PUBLIC COMMENT

NOW IS THE TIME FOR COMMENTS FROM THE PUBLIC REGARDING ITEMS NOT ON THIS AGENDA.

(See notice attached to the end of this agenda.)

**PUBLIC COMMENTS ON ITEMS APPEARING ON THIS AGENDA WILL BE TAKEN AT THE TIME
THE ITEM IS ADDRESSED BY THE COUNCIL. PLEASE COMPLETE A SPEAKER CARD AND
PRESENT IT TO THE CITY CLERK.**

(See notice attached to the end of this agenda.)

**PLEASE SUBMIT WRITTEN CORRESPONDENCE TO THE CITY CLERK/AGENCY SECRETARY. THE
CITY CLERK/AGENCY SECRETARY WILL FORWARD CORRESPONDENCE TO THE CITY
COUNCIL/REDEVELOPMENT AGENCY.**

Redevelopment Agency Action

CONSENT CALENDAR:

- ITEM 1** The Consent Calendar may be acted upon with one motion, a second and the vote, by each respective Agency. The Consent Calendar items are of a routine or generally uncontested nature and may be acted upon with one motion. Pursuant to Section 5.1 of the City Council Rules of Conduct, any member of the Council or public may request to have an item pulled from the Consent Calendar to be acted upon individually.

Time Estimate

Page

Consent Calendar: 1 - 10 Minutes

1. **DECEMBER 2004 RDA FINANCE & INVESTMENT REPORT**
Recommended Action(s): **Accept** and **File** Report.

City Council Action

CONSENT CALENDAR:

ITEMS 2-4

Time Estimate

Page

Consent Calendar: 1 - 10 Minutes

2. **DECEMBER 2004 CITY FINANCE & INVESTMENT REPORT**
Recommended Action(s): **Accept** and **File** Report.
3. **MORGAN HILL LIBRARY – SELECTION OF CONSTRUCTION MANAGEMENT FIRM**
Recommended Action(s): **Authorize** the City Manager to Execute a Consultant Agreement with TBI Construction Management, Inc. for a Total Fee Not to Exceed \$1,195,000; Subject to Review and Approval by the City Attorney.
4. **AQUATICS CENTER BUDGET UPDATE**
Recommended Action(s): **Information** Only.

City Council and Morgan Hill Financing Authority Action

PUBLIC HEARINGS:

Time Estimate

Page

- | | | |
|----|------------|---|
| 5. | 10 Minutes | <u>REFINANCING OF MADRONE BUSINESS PARK ASSESSMENT DISTRICT BONDS – SERIES 2000-1 (SAVED ON THE WEBSITE AS A SEPARATE PDF DOCUMENT DUE TO FILE SIZE)</u> Public Hearing Opened. Please Limit Your Remarks to 3 Minutes. Public Hearing Closed Council Discussion. |
|----|------------|---|

Acting as City Council:

- 1) Action- **Adopt** Resolution Declaring Intention to Issue Refunding Bonds and Directing Preparation of a Reassessment Report;
- 2) Action- **Adopt** Resolution Approving a Reassessment Report and Confirming Reassessments;
- 3) Action- **Adopt** Resolution Authorizing the Issuance and Sale of Bonds; and
- 4) Action- **Adopt** Resolution Making a Finding of Significant Public Benefit.

Acting as Financing Authority Commission:

- 5) Action- **Adopt** Resolution Authorizing the Issuance, Sale, and Delivery of Bonds.

Acting as City Council:

- 6) Action- **Approve** Agreements with RBC Dain Rauscher Inc. for Financial Advisory Services;
- 7) Action- **Approve** Agreements with Richards, Watson & Gershon for Bond Counsel and Disclosure Counsel Services;
- 8) Action- **Approve** Agreements with NBS Government Finance Group for Reassessment Engineering Services;
- 9) Action- **Approve** Agreements with Carneghi-Blum & Partners, Inc. for Appraisal Services; and
- 10) Action- **Direct** the City Manager to Execute these Agreements, Subject to Review and Approval by City Attorney.

City Council Action

OTHER BUSINESS:

Time Estimate

Page

- | | | |
|----|------------|--|
| 6. | 15 Minutes | <u>VALLEY TRANSPORTATION AUTHORITY (VTA) PRESENTATION OF VALLEY TRANSPORTATION PLAN (VTP) 2030</u> <u>Recommended Action(s): Receive</u> Presentation from VTA Staff on Proposed Valley Transportation Plan (VTP) 2030. |
|----|------------|--|

Redevelopment Agency Action

OTHER BUSINESS:

| | Time Estimate | | Page |
|----|----------------------|---|-------------|
| 7. | 10 Minutes | <u>EXTENSION OF EXCLUSIVE RIGHT TO NEGOTIATE AGREEMENT (ERN) WITH EL TORO BREWING</u> <u>Recommended Action(s):</u> 1. <u>Authorize</u> the Executive Director to Prepare and Execute a Second Amendment to the ERN with El Toro Brewing to Extend the ERN Deadline to June 24, 2005, with the Ability to Grant Administrative Extensions; and 2. <u>Authorize</u> the Executive Director to Begin Preparation of a Disposition and Development Agreement (DDA). | |

City Council Action (Continued)

OTHER BUSINESS:

| | Time Estimate | | Page |
|-----|----------------------|--|-------------|
| 8. | 10 Minutes | <u>PUBLIC-PRIVATE PARTNERSHIP AT THE OUTDOOR SPORTS COMPLEX REQUEST FOR PROPOSALS</u> <u>Recommended Action(s):</u> 1. <u>Review</u> and <u>Provide Comment</u> on the Request for Proposals (RFP) for Potential Public-Private Partnership of the Outdoor Sports Complex; and 2. <u>Direct</u> Staff to Proceed with the Process. | |
| 9. | 10 Minutes | <u>PRESENTATION BY MORGAN HILL AQUATIC CENTER, INC.</u> <u>Recommended Action(s):</u> <u>Receive</u> Report From the Morgan Hill Aquatic Center, Inc. | |
| 10. | 20 Minutes | <u>DOWNTOWN TRAFFIC CALMING CONTINUED CONSIDERATION (Continued from 01/19/05 Meeting)</u> <u>Recommended Action(s):</u> <u>Council Discussion</u> and <u>Direction</u> to Staff. | |
| 11. | 15 Minutes | <u>DOWNTOWN AREA BUILDING ALLOTMENT (Continued from 01/19/05 Meeting)</u> <u>Recommended Action(s):</u> <u>Adopt</u> Resolution. | |
| 12. | 10 Minutes | <u>COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) RE-PROGRAMMING OF FUNDS</u> <u>Recommended Action(s):</u> 1. <u>Consider</u> Re-Programming of \$35,724 in FY 2004-2005 CDBG Funds; and 2. If Approved, <u>Authorize</u> the City Manager to do Everything Necessary and Appropriate to Re-Program CDBG Funds, Including the Execution of All Required Documents to Transfer Funds to the Day Worker Center Site Improvements Project; Subject to Review and Approval by the City Attorney. | |

FUTURE COUNCIL-INITIATED AGENDA ITEMS:

Note: in accordance with Government Code Section 54954.2(a), there shall be no discussion, debate and/or action taken on any request other than providing direction to staff to place the matter of business on a future agenda.

Redevelopment Agency Action and City Council Action

CLOSED SESSION:

1.

CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

Authority: Government Code Sections 54956.9(b) & (c)
Number of Potential Cases: 2

2.

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

Case Name: Jackson v. City Morgan Hill
Case Number: San Jose WCAB SJO246465
Attendees: City Manager, City Attorney, Human Resources Director

3.

CONFERENCE WITH LABOR NEGOTIATOR:

Legal Authority: Government Code Section 54957.6
Agency Negotiators: City Manager; Human Resources Director
Employee Organizations:
AFSCME Local 101
Morgan Hill Community Service Officers Association

OPPORTUNITY FOR PUBLIC COMMENT

ADJOURN TO CLOSED SESSION

RECONVENE

CLOSED SESSION ANNOUNCEMENT

ADJOURNMENT



REDEVELOPMENT AGENCY
STAFF REPORT

MEETING DATE: *January 26, 2005*

DECEMBER 2004 FINANCE & INVESTMENT REPORT

RECOMMENDED ACTION:

Accept and File Report

EXECUTIVE SUMMARY: Attached is the monthly Finance and Investment Report of the Redevelopment Agency of the City of Morgan Hill for the month of December 2004. The report covers activity for the first six months of the 2004/2005 fiscal year. A summary of the report is included on the first page for the Board's benefit.

The Redevelopment Agency monthly Finance and Investment Report is presented to the Agency Board and our Citizens as part of our ongoing commitment to improve and maintain public trust through communication of our finances, budget and investments. The report also serves to provide the information necessary to determine the adequacy/stability of financial projections and develop equitable resource/revenue allocation procedures.

This report covers all fiscal activity of the Redevelopment Agency.

FISCAL IMPACT: As presented.

Agenda Item # 1

Prepared By:

Finance Director

Submitted By:

Executive director

**REDEVELOPMENT AGENCY OF
THE CITY OF MORGAN HILL**

Monthly Financial and Investment Reports

December 31, 2004 – 50% Year Complete



**CITY OF MORGAN HILL
REDEVELOPMENT AGENCY**

Prepared by:

FINANCE DEPARTMENT



REDEVELOPMENT AGENCY OF THE CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2004/05
FOR THE MONTH OF DECEMBER 2004 - 50% OF YEAR COMPLETE

Revenues

Through December 31, the Redevelopment Agency received \$7,827,213, or 36% of the budget, in property tax increment revenues. Most property tax increment revenues are received in the latter half of the year. The Redevelopment Agency, as of December 31, 2004, has collected \$100,000,000 in tax increment revenue under the original plan and has collected \$86,473,029, net of pass-through obligations to other agencies, toward the plan amendment cap of \$147,000,000. All tax increment revenues collected during 2004/2005 were collected under the plan amendment.

An amount of \$225,854 in interest earnings and other income was received through December. Additional interest earnings for October, November, and December have not yet been apportioned, but will be apportioned in January 2005 following the quarter ended December 31.

Expenditures

Total Redevelopment Agency Capital Projects expenditures and encumbrances equaled \$6,215,219 and were 31% of budget. Of this total, \$2,382,328 represented encumbrances for capital projects and other commitments. If the encumbrances were excluded, the RDA would have spent only 19% of the budget. Expenditures for administrative costs for employee services, supplies, and contract services were 44% of budget. Through December 2004, CIP project expenditures totaled \$1,773,966, including \$289,189 for Tennant Avenue Widening, \$642,858 for the Indoor Recreation Center, \$405,045 for the Aquatics Center, and \$367,478 for 2003/04 Street Resurfacing.

Expenditures plus encumbrances for Housing were at 32% of the budget for a total of \$2,128,108.

All of the 2004/05 housing Redevelopment expenditures have been funded with tax increment collected under the plan amendment.

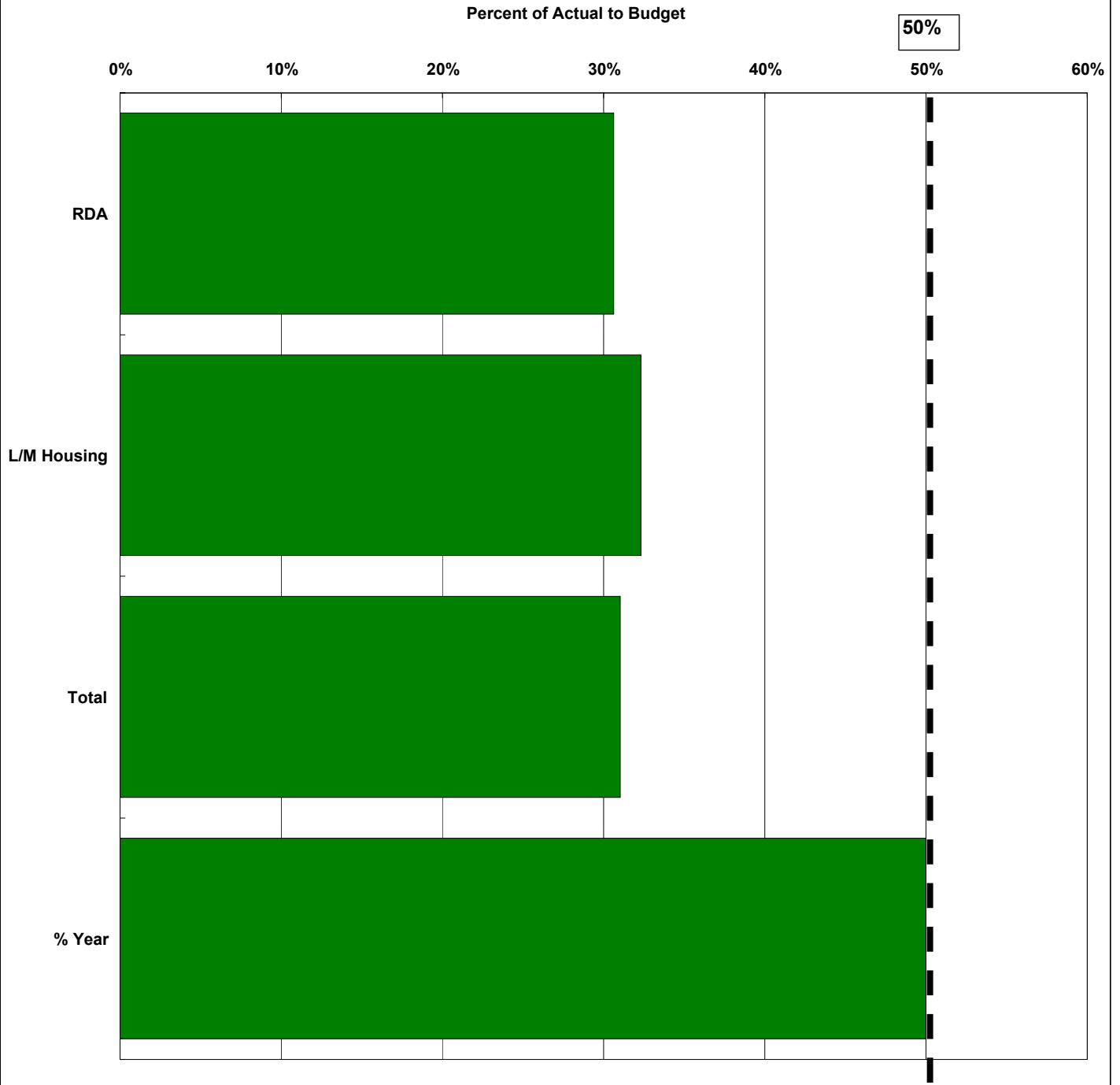
Fund Balance

The unreserved fund balance of \$3,820,422 for the Capital Projects Fund at December 31, 2004, consisted entirely of monies collected under the plan amendment. The unreserved fund balance included future obligations to pay an additional \$2.7 million for the Courthouse Facility and \$1.61 million for the Lomanto property should the Agency agree to execute its option to purchase in accordance with the agreement. If all these future commitments were subtracted from the \$3,820,422, the remaining unreserved fund balance at December 31 would be a negative (\$489,578). However, these commitments are expected to be paid out over the next 2 to 3 years. Property tax increment receipts in the near future will provide the resources necessary to carry the Agency through the remainder of this fiscal year. The Capital Projects Fund cash balance at December 31 was \$6,249,934.

The unreserved fund balance of \$6,554,579 for the Housing Fund at December 31 consisted of funds all collected under the plan amendment.



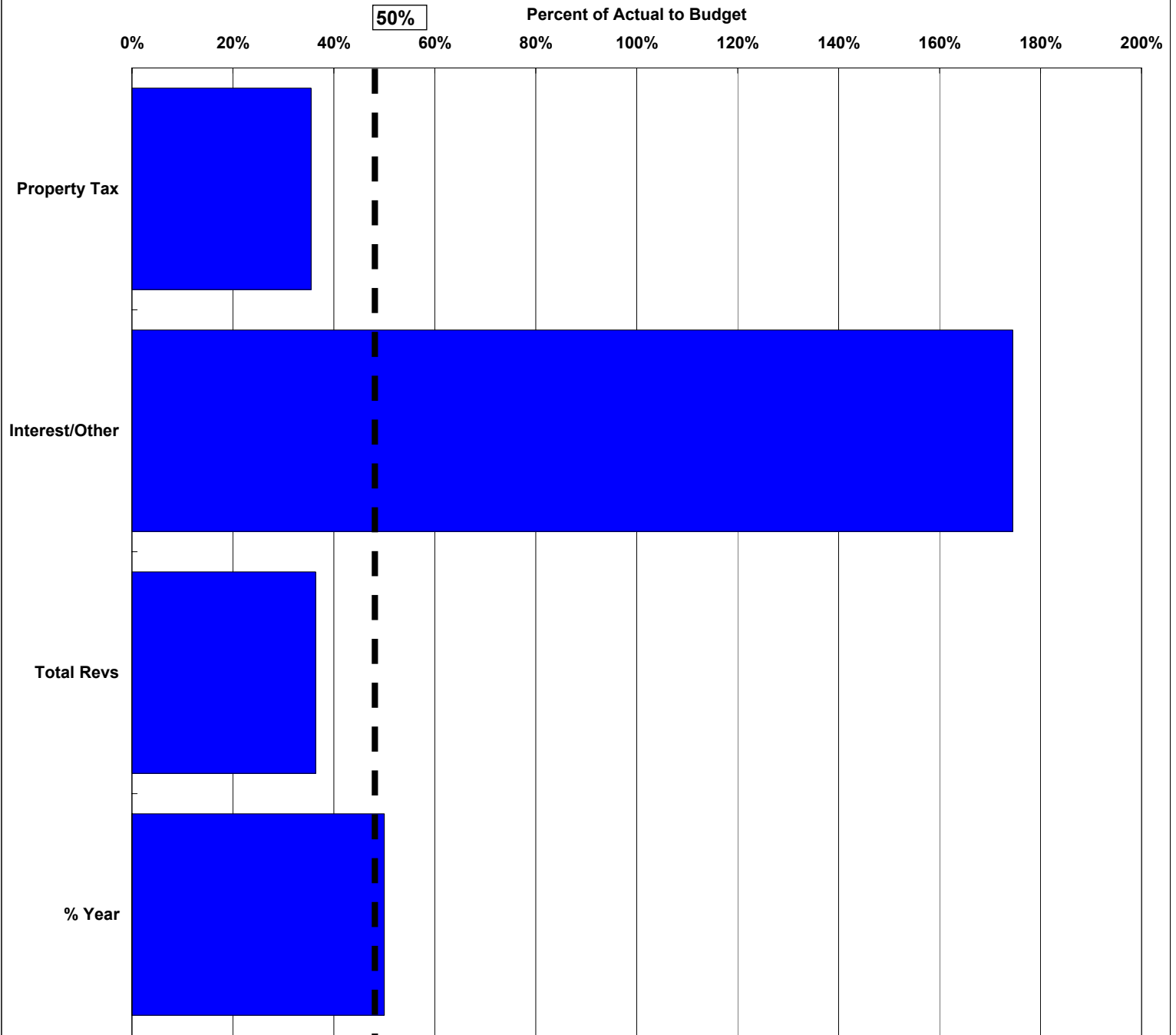
Redevelopment Agency YTD Expenditures



| Expenditure Category | Budget | Actual Plus Encumbrances | % of Budget |
|----------------------|--------------|--------------------------|-------------|
| CAPITAL PROJECTS | \$20,295,344 | \$6,215,219 | 31% |
| HOUSING | 6,589,093 | 2,128,108 | 32% |
| TOTALS | \$26,884,437 | \$8,343,327 | 31% |



Redevelopment Agency YTD Revenues



| REVENUE CATEGORY | BUDGET | ACTUAL | % OF BUDGET | PRIOR YEAR TO DATE | % CHANGE FROM PRIOR YEAR |
|-----------------------------|--------------|-------------|-------------|--------------------|--------------------------|
| PROPERTY TAXES | \$22,017,627 | \$7,827,213 | 36% | \$7,158,830 | 9% |
| INTEREST INCOME/RENTS/OTHER | \$129,408 | \$225,854 | 175% | \$169,307 | 33% |
| TOTALS | \$22,147,035 | \$8,053,067 | 36% | \$7,328,137 | 10% |



Redevelopment Agency
 Fund Balance Report - Fiscal Year 2004/05
 For the Month of December 2004
 50% of Year Complete

| Fund No. | Fund | Unaudited Fund Balance 06-30-04 | Revenues | | Expenditures | | Year to-Date Deficit or Carryover | Ending Fund Balance | | Cash and Investments | |
|------------------------------------|------------------------|---------------------------------|------------------|-------------|------------------|-------------|-----------------------------------|-----------------------|-------------------|----------------------|------------|
| | | | YTD Actual | % of Budget | YTD Actual | % of Budget | | Reserved ¹ | Unreserved | Unrestricted | Restricted |
| 317 | CAPITAL PROJECTS | \$3,864,214 | 6,242,476 | 36% | 3,832,891 | 19% | 2,409,585 | 2,453,377 | 3,820,422 | \$6,249,934 | |
| 327/328 | HOUSING | \$6,872,096 | 1,810,591 | 37% | 2,021,314 | 31% | (210,723) | 106,794 | \$6,554,579 | \$6,784,827 | |
| TOTAL CAPITAL PROJECT FUNDS | | \$10,736,310 | 8,053,067 | 36% | 5,854,205 | 22% | 2,198,862 | 2,560,171 | 10,375,001 | 13,034,761 | |
| SUMMARY BY FUND TYPE | | | | | | | | | | | |
| | CAPITAL PROJECTS GROUP | \$10,736,310 | 8,053,067 | 36% | 5,854,205 | 22% | 2,198,862 | 2,560,171 | 10,375,001 | 13,034,761 | |
| TOTAL ALL GROUPS | | \$10,736,310 | 8,053,067 | 36% | 5,854,205 | 22% | 2,198,862 | 2,560,171 | 10,375,001 | 13,034,761 | |
| TOTAL CASH AND INVESTMENTS | | | | | | | | | | 13,034,761 | |

¹ Amount reserved for encumbrances, fixed asset replacement, long-term receivables



Redevelopment Agency
Year to Date Revenues - Fiscal Year 2004/05
For the Month of December 2004
50% of Year Complete

| FUND REVENUE SOURCE | ADOPTED BUDGET | AMENDED BUDGETED | CURRENT YTD ACTUAL | % OF BUDGET | PRIOR YTD | INCREASE (DECREASE) FROM PRIOR YTD | % CHANGE |
|-------------------------------------|-------------------|---------------------|--------------------------|----------------|------------------|---|-------------|
| CAPITAL PROJECTS FUNDS | | | | | | | |
| 317 CAPITAL PROJECTS | | | | | | | |
| Property Taxes & Supplemental Roll | 17,280,277 | 17,280,277 | 6,076,643 | 35% | 5,488,793 | 587,850 | 11% |
| Development Agreements | | | - | n/a | - | - | n/a |
| Interest Income, Rents | 17,031 | 17,031 | 50,346 | 296% | 93,787 | (43,441) | -46% |
| Other Agencies/Current Charges | - | - | 115,487 | n/a | 20,970 | 94,517 | 451% |
| TOTAL CAPITAL PROJECTS | 17,297,308 | 17,297,308 | 6,242,476 | 36% | 5,603,550 | 638,926 | 11% |
| 327/328 HOUSING | | | | | | | |
| Property Taxes & Supplemental Roll | 4,737,350 | 4,737,350 | 1,750,570 | 37% | 1,670,037 | 80,533 | 5% |
| Interest Income, Rent | 112,277 | 112,277 | 59,331 | 53% | 53,656 | 5,675 | 11% |
| Other | 100 | 100 | 690 | 690% | 894 | (204) | -23% |
| TOTAL HOUSING | 4,849,727 | 4,849,727 | 1,810,591 | 37% | 1,724,587 | 86,004 | 5% |
| TOTAL CAPITAL PROJECTS FUNDS | 22,147,035 | 22,147,035 | 8,053,067 | 36% | 7,328,137 | 724,930 | 10% |



Redevelopment Agency
Year to Date Expenditures - Fiscal Year 2004/05
For the Month of December 2004
50% of Year Complete

| FUND NO. | FUND/ACTIVITY | THIS MONTH ACTUAL EXPENDITURES | ADOPTED BUDGET | AMENDED BUDGET | YTD EXPENDITURES | OUTSTANDING ENCUMBRANCES | TOTAL ALLOCATED | % OF TOTAL TO BUDGET |
|----------------------|-----------------------------------|--------------------------------|--------------------------|--------------------------|-------------------------|--------------------------|-------------------------|----------------------|
| 317 CAPITAL PROJECTS | | | | | | | | |
| | BAHS Administration | 109,449 | 1,545,675 | 1,596,269 | 624,141 | 74,228 | 698,369 | 44% |
| | BAHS Economic Development | 958,556 | 3,125,435 | 3,935,625 | 1,434,784 | 240,275 | 1,675,059 | 43% |
| | BAHS CIP | <u>(397,965)</u> | <u>8,782,152</u> | <u>14,763,450</u> | <u>1,773,966</u> | <u>2,067,825</u> | <u>3,841,791</u> | <u>26%</u> |
| | TOTAL CAPITAL PROJECTS | <u>670,040</u> | <u>13,453,262</u> | <u>20,295,344</u> | <u>3,832,891</u> | <u>2,382,328</u> | <u>6,215,219</u> | <u>31%</u> |
| 327 AND 328 HOUSING | | | | | | | | |
| | Housing | <u>104,824</u> | <u>5,824,189</u> | <u>6,589,093</u> | <u>2,021,314</u> | <u>106,794</u> | <u>2,128,108</u> | <u>32%</u> |
| | TOTAL HOUSING | <u>104,824</u> | <u>5,824,189</u> | <u>6,589,093</u> | <u>2,021,314</u> | <u>106,794</u> | <u>2,128,108</u> | <u>32%</u> |
| | TOTAL CAPITAL PROJECT FUND | 774,864 | 19,277,451 | 26,884,437 | 5,854,205 | 2,489,122 | 8,343,327 | 31% |



Redevelopment Agency of the City of Morgan Hill
Balance Sheet Report - Fiscal Year 2004/05
For the Month of December 2004
50% of Year Complete

| | CAPITAL PROJECTS (Fund 317) | Housing (Fund 327/328) |
|---|--|-----------------------------------|
| ASSETS | | |
| Cash and investments: | | |
| Unrestricted | 6,249,934 | 6,784,827 |
| Accounts Receivable | 3,483 | 33,323 |
| Loans Receivable ¹ | 3,599,997 | 28,393,295 |
| Advance to Other Funds | | |
| Fixed Assets ² | 71,049 | |
| Other Assets | | |
| Total Assets | 9,924,463 | 35,211,445 |
| LIABILITIES | | |
| Accounts Payable and Accrued Liabilities | 24,945 | 19,948 |
| Deferred Revenue ³ | 3,625,719 | 28,530,124 |
| Accrued Vacation and Comp Time | | |
| Total liabilities | 3,650,664 | 28,550,072 |
| FUND BALANCE | | |
| Fund Balance | | |
| Reserved for: | | |
| Encumbrances | 2,382,328 | 106,794 |
| Advance to Other Funds | | |
| Properties Held for Resale | 71,049 | |
| Loans and Notes Receivable | | |
| Total Reserved Fund balance | 2,453,377 | 106,794 |
| Unreserved Fund Balance | 3,820,422 | 6,554,579 |
| Total Fund Balance | 6,273,799 | 6,661,373 |
| Total Liabilities and Fund Balance | 9,924,463 | 35,211,445 |

¹ Includes Housing Rehab loans and loans for several housing and Agency projects.

² Includes RDA properties held for resale.

³ Includes the deferred payment portion of the loans noted above.



CITY COUNCIL STAFF REPORT

MEETING DATE: January 26, 2005

DECEMBER 2004 FINANCE & INVESTMENT REPORT

RECOMMENDED ACTION:

Accept and File Report

EXECUTIVE SUMMARY:

Attached is the monthly Finance and Investment Report for the period ended December 31, 2004. The report covers the first six months of activity for the 2004/2005 fiscal year. A summary of the report is included on the first page for the City Council's benefit.

The monthly Finance and Investment Report is presented to the City Council and our Citizens as part of our ongoing commitment to improve and maintain public trust through communication of our finances, budget and investments. The report also serves to provide the information necessary to determine the adequacy/stability of financial projections and develop equitable resource/revenue allocation procedures.

This report covers all fiscal activity in the City, including the Redevelopment Agency. The Redevelopment Agency receives a separate report for the fiscal activity of the Agency at the meeting of the Agency. Presenting this report is consistent with the goal of *Maintaining and Enhancing the Financial Viability of the City*.

FISCAL IMPACT: as presented

Agenda Item #2

Prepared By:

Finance Director

Submitted By:

City Manager

CITY OF MORGAN HILL
Monthly Financial and Investment Reports
December 31, 2004 – 50% Year Complete



CITY OF MORGAN HILL

Prepared by:
FINANCE DEPARTMENT



CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2004/05
FOR THE MONTH OF DECEMBER 2004 - 50% OF YEAR COMPLETE

This analysis of the status of the City's financial situation reflects 50% of the year. However, this analysis is somewhat limited. For some revenue sources, such as property taxes, transient occupancy taxes and franchise fees, only limited amounts have been received as of this time of the year.

- * **General Fund** - The revenues received in the General Fund were approximately 42% of the budgeted revenues. Although only 45% of property related taxes have been received by the City, the amount is 5% more than the amount received in the prior year as of this date; and it is anticipated that 100% of the budgeted amount will be received by year-end. The amount of Sales Tax collected was 47% of the sales tax revenue budget and 4% more than the amount received for the prior year. However, sales tax receipts have been impacted, as of September 2004, because the State, under the triple flip legislation, began to send the City at that time only $\frac{3}{4}$ of the 1% in sales taxes that the City is entitled to. Installments estimated to equal the remaining $\frac{1}{4}$ % of sales taxes, for the period September 2004 through June 2005, will be distributed by Santa Clara County for the 2004/05 fiscal year in January and May 2005. Business license and other permit collections were 108% of the budgeted amount. Business license renewal fees were due in July; therefore most of these collections were normal. Motor Vehicle-in-Lieu revenues were \$140,585. The amount of Motor Vehicle-in-Lieu fees dropped significantly in this fiscal year, consistent with State budget revenue revisions, and will be mostly compensated for through higher property tax allocations from Santa Clara County. Interest & Other Revenue were 52% of budget and do not reflect October, November, or December interest earnings that will be posted in January 2005 as part of earnings for the quarter ended December.
- * The General Fund expenditures and encumbrances to date totaled 53% of the budgeted appropriations. If the \$404,714 in encumbrances were excluded, 51% of the budget would have been expended. The higher costs are primarily related to the timing of Aquatics and legal expenditures. Staff will be bringing mid-year budget adjustments to the City Council shortly to request necessary changes in the current budget. The outstanding encumbrances in several activities are encumbrances for projects started but not completed in the prior year and carried forward to the current fiscal year.
- * **Transient Occupancy (Hotel) Tax** - The TOT rate is 10%. The City receives transient occupancy taxes on a quarterly basis. Taxes for the first quarter ended September 30 amounted to \$285,353 or 6% more than the amount received by the City in the prior year. Taxes for the second quarter ended December 31 are not due until late January and have therefore not yet been collected.
- * **Community Development** - Revenues were 73% of budget, which was 42% more than the amount collected in the like period for the prior year. Compared to the prior year, planning and engineering fees this year were higher and building fees were lower. Planning expenditures plus encumbrances were 57% of budget; Building has expended or encumbered 50% of budget and Engineering 48%. Community Development has expended or encumbered a combined total of 52% of the 2004/05 budget, including \$302,707 in encumbrances. If encumbrances were excluded, Community Development would have spent only 43% of the combined budget.



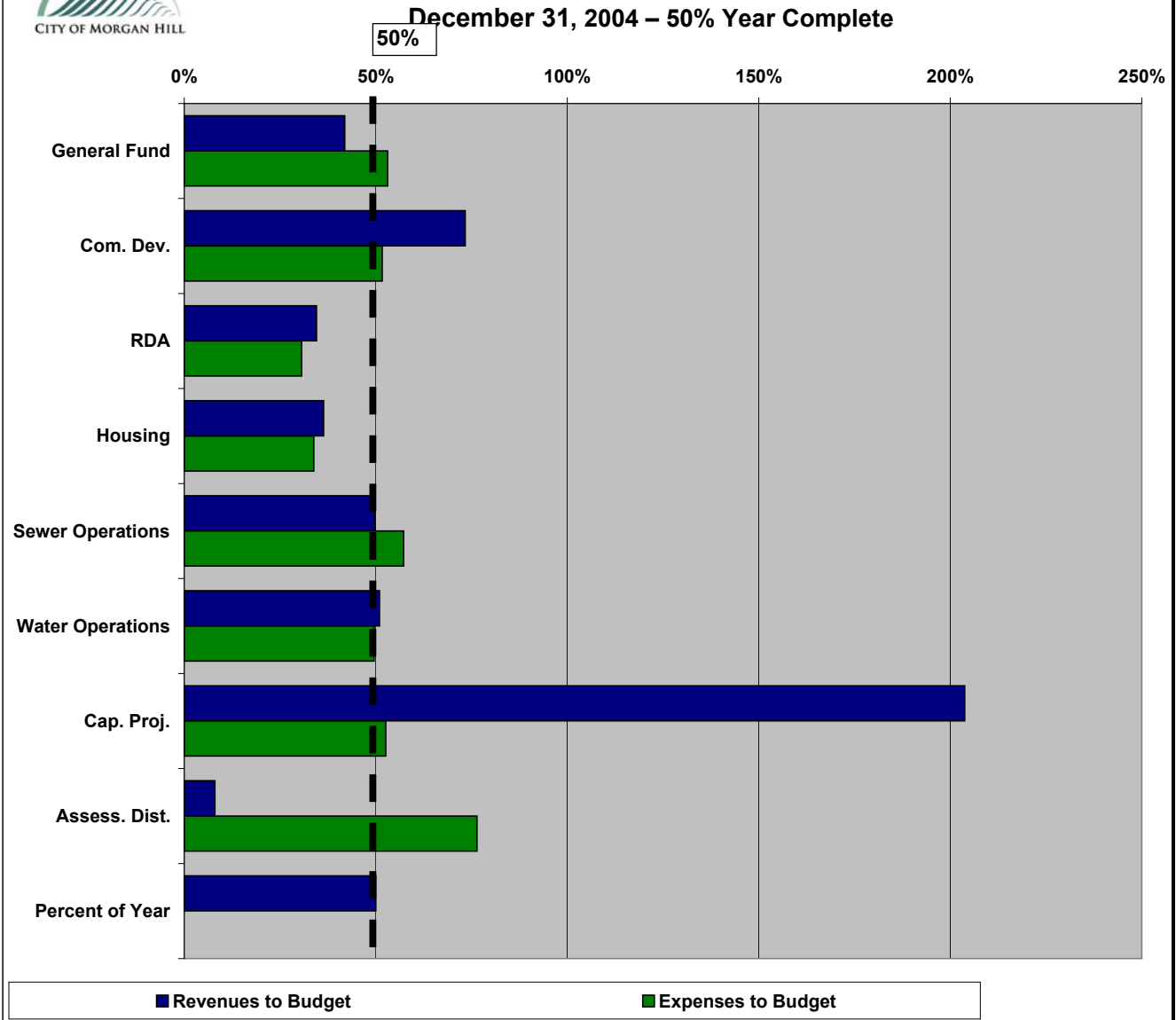
CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2004/05
FOR THE MONTH OF DECEMBER 2004 - 50% OF YEAR COMPLETE

- * **RDA and Housing** – Only \$7,827,213, or 36% of the budget, in property tax increment revenues has been received as of December 31, 2004. Most tax increment dollars are received later in the year. Expenditures plus encumbrances totaled 31% of budget. If encumbrances totaling \$2,489,122 were excluded, the RDA would have spent 22% of the combined budget.
- * **Water and Sewer Operations-** Water Operations revenues, including service fees, were 51% of budget. Expenditures totaled 50% of appropriations. Sewer Operations revenues, including service fees, were 50% of budget. Expenditures for sewer operations were 57% of budget. This higher percentage resulted from a large principal and interest payment on debt service made in July.
- * **Investments maturing/called/sold during this period.** – During the month of December, \$2 million was invested in Federal Agency investments. Further details of all City investments are contained on pages 6-8 of this report.



Morgan Hill YTD Revenue & Expense Summary

December 31, 2004 – 50% Year Complete



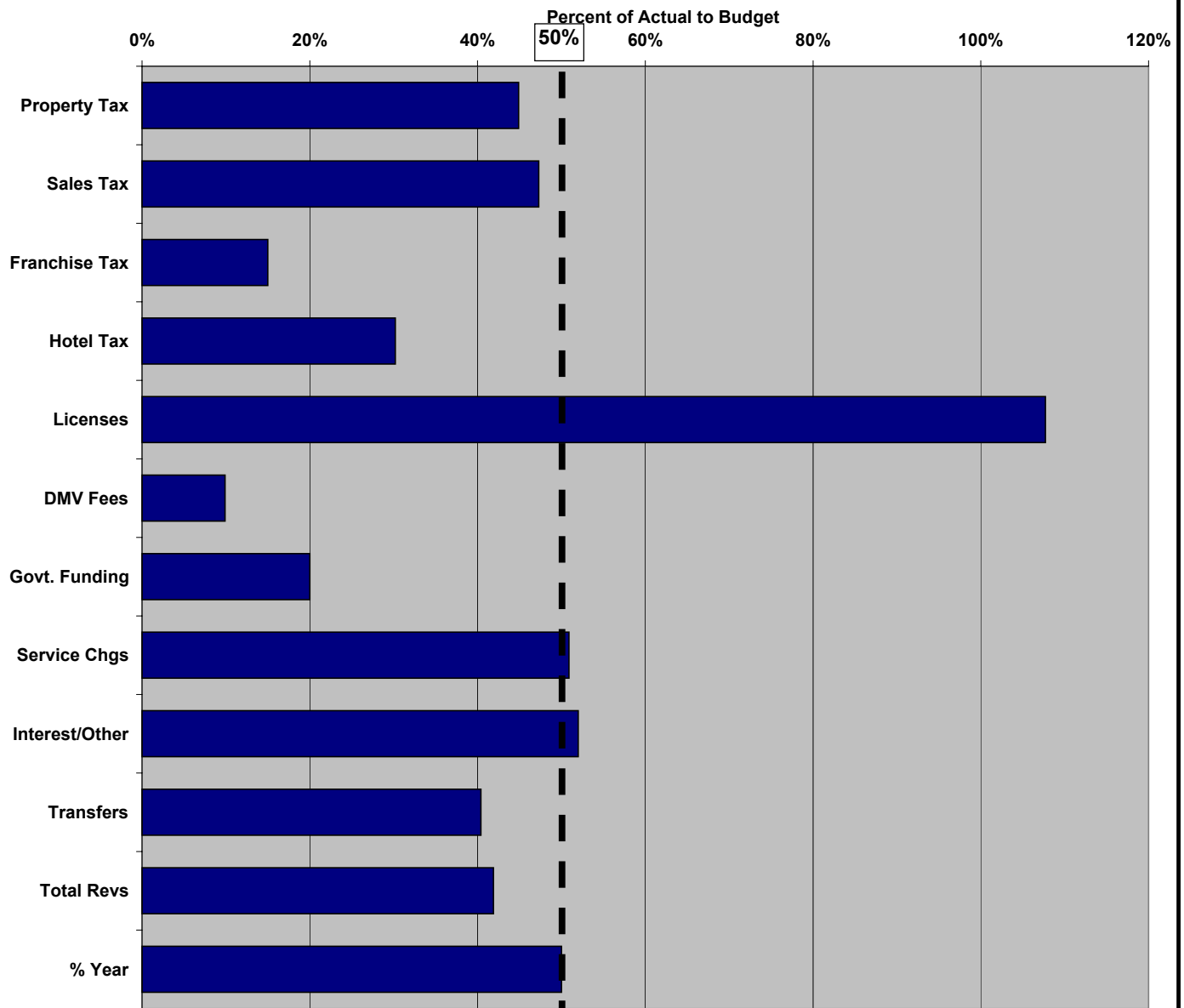
| FUND NAME | REVENUES | | EXPENSES | | 12/31/2004 UNRESTRICTED FUND BALANCE |
|-------------------------------------|---------------------|----------------|-----------------------------|----------------|--|
| | ACTUAL | % OF BUDGET | ACTUAL plus ENCUMBRANCES | % OF BUDGET | |
| General Fund | \$7,055,010 | 42% | \$10,041,642 | 53% | \$7,886,738 |
| Community Development | 2,008,381 | 73% | 1,763,878 | 52% | 1,726,908 |
| RDA | 6,242,476 | 35% | 6,215,219 | 31% | 3,820,422 |
| Housing/CDBG | 1,828,365 | 36% | 2,230,332 | 34% | 6,113,030 |
| Sewer Operations | 2,802,357 | 50% | 3,739,824 | 57% | 2,515,782 |
| Sewer Other | 1,088,658 | 83% | 1,265,172 | 24% | 12,217,848 |
| Water Operations | 4,412,851 | 51% | 3,971,862 | 50% | 3,704,449 |
| Water Other | 7,999,049 | 129% | 1,364,032 | 18% | 3,569,254 |
| Other Special Revenues ¹ | 489,990 | 60% | 938,929 | 42% | 3,136,621 |
| Capital Projects & Streets Funds | 10,679,044 | 204% | 9,784,536 | 53% | 24,443,791 |
| Debt Service Funds | 25,840 | 8% | 178,670 | 76% | 246,230 |
| Internal Service | 2,500,291 | 48% | 2,573,271 | 53% | 4,899,211 |
| Agency | 317,502 | 12% | 1,619,617 | 66% | 2,635,599 |
| TOTAL FOR ALL FUNDS | \$47,449,814 | 60% | \$45,686,984 | 43% | \$76,915,883 |

¹ Includes all Special Revenue Funds except Community Development, CDBG, and Street Funds



Morgan Hill YTD General Fund Revenues

December 31, 2004 – 50% Year Complete



| REVENUE CATEGORY | BUDGET | ACTUAL | % OF BUDGET | PRIOR YEAR TO DATE | % CHANGE FROM PRIOR YEAR |
|-----------------------------|--------------|-------------|-------------|--------------------|--------------------------|
| PROPERTY RELATED TAXES | \$3,328,396 | \$1,494,081 | 45% | \$1,422,204 | 5% |
| SALES TAXES | \$4,852,000 | \$2,293,236 | 47% | \$2,195,015 | 4% |
| FRANCHISE FEE | \$965,000 | \$144,624 | 15% | \$135,208 | 7% |
| HOTEL TAX | \$945,000 | \$285,353 | 30% | \$270,117 | 6% |
| LICENSES/PERMITS | \$201,720 | \$217,236 | 108% | \$156,789 | 39% |
| MOTOR VEHICLE IN LIEU | \$1,423,800 | \$140,585 | 10% | \$460,868 | -69% |
| FUNDING - OTHER GOVERNMENTS | \$304,400 | \$60,785 | 20% | \$51,591 | 18% |
| CHARGES CURRENT SERVICES | \$3,535,076 | \$1,798,106 | 51% | \$1,215,405 | 48% |
| INTEREST & OTHER REVENUE | \$881,461 | \$458,204 | 52% | \$354,897 | 29% |
| TRANSFERS IN | \$403,100 | \$162,800 | 40% | \$360,000 | -55% |
| TOTALS | \$16,839,953 | \$7,055,010 | 42% | \$6,622,094 | 7% |

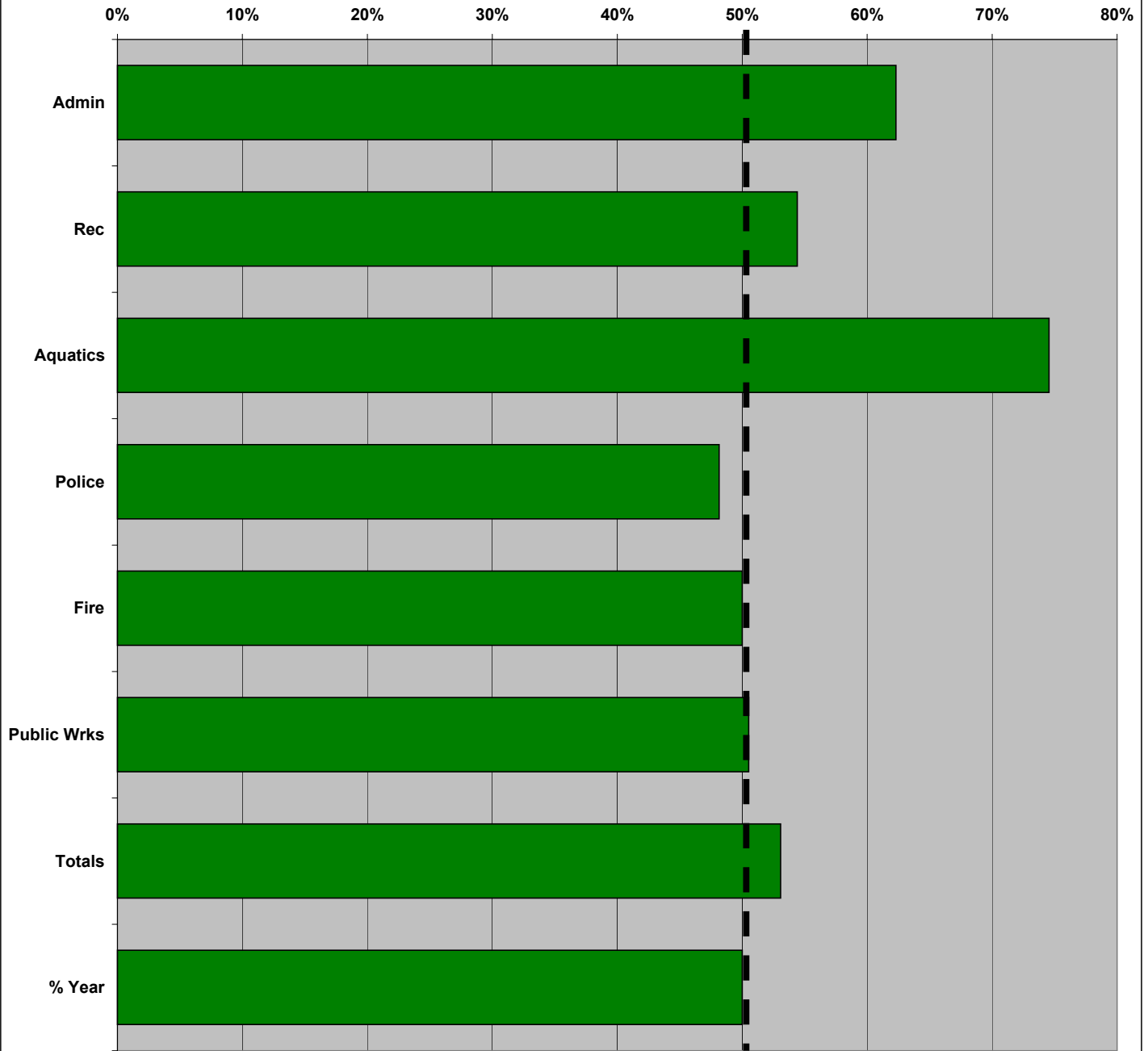


Morgan Hill YTD General Fund Expenditures

December 31, 2004 – 50% Year Complete

50%

Percent of Actual to Budget



| Expenditure Category | Budget | Actual Plus Encumbrances | % of Budget |
|----------------------|---------------|--------------------------|-------------|
| ADMINISTRATION | 5,619,079 | 3,477,335 | 62% |
| RECREATION | 285,551 | 201,452 | 54% |
| AQUATICS | 1,179,260 | 879,131 | 75% |
| POLICE | 8,015,630 | 3,859,370 | 48% |
| FIRE | 4,194,617 | 2,097,299 | 50% |
| PUBLIC WORKS | 706,957 | 357,161 | 51% |
| TOTALS | \$ 18,920,859 | \$ 10,041,642 | 53% |



City of Morgan Hill
Fund Activity Summary - Fiscal Year 2004/05
For the Month of December 2004
50% of Year Completed

| Fund No. | Fund | Unaudited Fund Balance 06-30-04 | Revenues | | Expenses | | Year to-Date Deficit or Carryover | Ending Fund Balance | | Cash and Investments | |
|------------------------------------|-------------------------------|------------------------------------|---------------------|-------------|---------------------|-------------|-----------------------------------|-----------------------|---------------------|----------------------|-------------------------|
| | | | YTD Actual | % of Budget | YTD Actual | % of Budget | | Reserved ¹ | Unreserved | Unrestricted | Restricted ² |
| 010 | GENERAL FUND | \$10,898,370 | \$7,055,010 | 42% | \$9,661,928 | 51% | (\$2,606,918) | \$404,714 | \$7,886,738 | \$9,138,793 | \$6,150 |
| TOTAL GENERAL FUND | | \$10,898,370 | \$7,055,010 | 42% | \$9,661,928 | 51% | (\$2,606,918) | \$404,714 | \$7,886,738 | \$9,138,793 | \$6,150 |
| 202 | STREET MAINTENANCE | \$1,454,752 | \$905,307 | 60% | \$881,983 | 40% | \$23,324 | \$352,321 | \$1,125,755 | \$1,372,187 | |
| 204/205 | PUBLIC SAFETY/SUPPL. LAW | \$321,965 | \$101,608 | 96% | \$87,760 | 50% | \$13,848 | | \$335,813 | \$335,813 | |
| 206 | COMMUNITY DEVELOPMENT | \$1,482,405 | \$2,008,381 | 73% | \$1,461,171 | 43% | \$547,210 | \$302,707 | \$1,726,908 | \$2,081,470 | |
| 207 | GENERAL PLAN UPDATE | \$231,849 | \$69,957 | 87% | \$20,850 | 14% | \$49,107 | \$207,529 | \$73,427 | \$281,157 | |
| 210 | COMMUNITY CENTER | \$99,678 | \$25,536 | 49% | | n/a | \$25,536 | | \$125,214 | \$125,213 | |
| 215 / 216 | CDBG | \$127,519 | \$17,774 | 10% | \$45,742 | 7% | (\$27,968) | 541,100 | (\$441,549) | \$101,707 | |
| 220 | MUSEUM RENTAL | | | n/a | | n/a | | | | | |
| 225 | ASSET SEIZURE | \$38,956 | \$10,203 | 1000% | \$35,519 | n/a | (\$25,316) | \$1,402 | \$12,238 | \$13,640 | |
| 229 | LIGHTING AND LANDSCAPE | (\$1,173) | \$269 | 0% | \$74,024 | 53% | (\$73,755) | \$37,593 | (\$112,521) | (\$74,373) | |
| 232 | ENVIRONMENTAL PROGRAMS | \$675,334 | \$128,698 | 32% | \$145,021 | 27% | (\$16,323) | \$97,700 | \$561,311 | \$662,461 | |
| 234 | MOBILE HOME PK RENT STAB. | \$168,580 | \$6,108 | 119% | \$9,689 | 5% | (\$3,581) | \$186,420 | (\$21,421) | \$164,881 | |
| 235 | SENIOR HOUSING | \$252,691 | \$1,318 | 24% | \$604 | 3% | \$714 | | \$253,405 | \$253,405 | |
| 236 | HOUSING MITIGATION | \$1,141,855 | \$125,949 | 1047% | - | | \$125,949 | - | \$1,267,804 | \$1,267,804 | |
| 240 | EMPLOYEE ASSISTANCE | \$80,549 | \$17,379 | 60% | 29,542 | 118% | (\$12,163) | | \$68,386 | \$67,416 | |
| 247 | ENVIRONMENT REMEDIATION | \$570,000 | 2,965 | n/a | | | \$2,965 | | \$572,965 | \$572,965 | |
| TOTAL SPECIAL REVENUE FUNDS | | \$6,644,960 | \$3,421,452 | 65% | \$2,791,905 | 33% | \$629,547 | \$1,726,772 | \$5,547,735 | \$7,225,746 | |
| 301 | PARK DEV. IMPACT FUND | \$3,539,104 | \$567,350 | 98% | \$55,886 | 3% | \$511,464 | \$74,583 | \$3,975,985 | | \$4,050,568 |
| 302 | PARK MAINTENANCE | \$3,047,206 | \$172,354 | 68% | \$31,250 | 21% | \$141,104 | | \$3,188,310 | \$3,188,310 | |
| 303 | LOCAL DRAINAGE | \$3,027,986 | \$396,324 | 163% | \$768 | 0% | \$395,556 | | \$3,423,542 | | \$3,423,543 |
| 304 | LOCAL DRAINAGE/NON-AB1600 | \$3,249,120 | \$93,580 | 64% | \$16,653 | 2% | \$76,927 | \$6,349 | \$3,319,698 | \$3,226,046 | |
| 305 | OFF-STREET PARKING | | | n/a | - | n/a | | | | | |
| 306 | OPEN SPACE | \$699,078 | \$212,566 | 129% | 492 | | \$212,074 | \$10,000 | \$901,152 | \$911,152 | |
| 309 | TRAFFIC IMPACT FUND | \$3,119,744 | \$504,444 | 77% | \$196,130 | 10% | \$308,314 | \$634,986 | \$2,793,072 | | \$3,413,575 |
| 311 | POLICE IMPACT FUND | \$83,370 | \$70,305 | 178% | \$2,969 | 3% | \$67,336 | \$10,000 | \$140,706 | | \$150,707 |
| 313 | FIRE IMPACT FUND | \$2,333,569 | \$75,468 | 55% | \$690 | 1% | \$74,778 | \$9,101 | \$2,399,246 | | \$2,408,348 |
| 317 | REDEVELOPMENT AGENCY | \$3,864,214 | \$6,242,476 | 35% | \$3,832,891 | 19% | \$2,409,585 | 2,453,377 | \$3,820,422 | \$6,249,934 | |
| 327 / 328 | HOUSING | \$6,872,096 | \$1,810,591 | 37% | \$2,021,314 | 31% | (\$210,723) | 106,794 | \$6,554,579 | \$6,784,827 | |
| 340/342 | MORGAN HILL BUS.RANCH I & II | \$104,826 | \$544 | 24% | 66,554 | | (\$66,010) | - | \$38,816 | \$38,816 | |
| 346 | PUBLIC FACILITIES NON-AB1600 | \$936,101 | \$7,410,040 | 1178% | 6,907,642 | | \$502,398 | \$489,053 | \$949,446 | \$762,192 | \$676,326 |
| 347 | PUBLIC FACILITIES IMPACT FUND | \$314,545 | \$61,648 | 82% | \$683 | 6% | \$60,965 | 9,750 | \$365,760 | | \$335,701 |
| 348 | LIBRARY IMPACT FUND | \$490,953 | \$48,959 | 9% | \$101 | 0% | \$48,858 | | \$539,811 | | \$539,811 |
| 350 | UNDERGROUNDING | \$1,140,023 | 128,032 | 53% | \$195 | 0% | \$127,837 | 36,397 | \$1,231,463 | \$1,271,121 | |
| 360 | COMM/REC CTR IMPACT FUND | \$18,906 | 32,123 | 53% | | 0% | \$32,123 | | \$51,029 | \$51,029 | |
| TOTAL CAPITAL PROJECT FUNDS | | \$32,840,841 | \$17,826,804 | 67% | \$13,134,218 | 30% | \$4,692,586 | \$3,840,390 | \$33,693,037 | \$22,483,427 | \$14,998,578 |
| 545 | COCHRANE BUSINESS PARK | \$375,254 | \$2,180 | 1% | \$148,437 | 76% | (\$146,257) | | \$228,997 | \$48,047 | \$180,950 |
| 551 | JOLEEN WAY | \$23,806 | \$23,660 | 57% | \$30,233 | 76% | (\$6,573) | | \$17,233 | (\$17) | \$17,250 |
| TOTAL DEBT SERVICE FUNDS | | \$399,060 | \$25,840 | 8% | \$178,670 | 76% | (\$152,830) | | \$246,230 | \$48,030 | \$198,200 |


City of Morgan Hill
Fund Activity Summary - Fiscal Year 2004/05
For the Month of December 2004
50% of Year Completed

| Fund No. | Fund | Unaudited Fund Balance 06-30-04 | Revenues | | Expenses | | Year to-Date Deficit or Carryover | Ending Fund Balance | | Cash and Investments | |
|-------------------------------------|----------------------------|------------------------------------|---------------------|-------------|---------------------|-------------|-----------------------------------|-----------------------|---------------------|----------------------|-------------------------|
| | | | YTD Actual | % of Budget | YTD Actual | % of Budget | | Reserved ¹ | Unreserved | Unrestricted | Restricted ² |
| 640 | SEWER OPERATIONS | \$14,685,816 | \$2,802,357 | 50% | \$3,597,309 | 55% | (\$794,952) | \$11,375,082 | \$2,515,782 | \$2,198,555 | \$1,894,040 |
| 641 | SEWER IMPACT FUND | \$9,717,249 | \$1,053,816 | 88% | \$411,360 | 10% | \$642,456 | 4,105,381 | \$6,254,324 | | \$6,415,527 |
| 642 | SEWER RATE STABILIZATION | \$3,975,411 | \$20,643 | 25% | \$1,059 | 50% | \$19,584 | | \$3,994,995 | \$3,994,996 | |
| 643 | SEWER-CAPITAL PROJECTS | \$9,822,474 | \$14,199 | 39% | \$542,525 | 44% | (\$528,326) | 7,325,619 | \$1,968,529 | \$2,220,428 | |
| 650 | WATER OPERATIONS | \$23,500,560 | \$4,412,851 | 51% | \$3,443,144 | 40% | \$969,707 | \$20,765,818 | \$3,704,449 | \$3,570,574 | \$406,420 |
| 651 | WATER IMPACT FUND | \$4,150,949 | \$5,659,241 | 109% | \$733,629 | 17% | \$4,925,612 | 9,398,557 | (\$321,997) | | \$4,833,097 |
| 652 | WATER RATE STABILIZATION | \$26,627 | \$137 | 31% | \$246 | 50% | (\$109) | | \$26,518 | \$26,518 | |
| 653 | WATER -CAPITAL PROJECT | \$9,372,760 | \$2,339,671 | 230% | \$367,115 | 12% | \$1,972,556 | 7,480,585 | \$3,864,733 | \$4,078,951 | \$1,249,213 |
| TOTAL ENTERPRISE FUNDS | | \$75,251,846 | \$16,302,915 | 75% | \$9,096,387 | 34% | \$7,206,528 | \$60,451,042 | \$22,007,333 | \$16,090,022 | \$14,798,297 |
| 730 | DATA PROCESSING | \$472,435 | \$164,510 | 59% | \$171,018 | 38% | (\$6,508) | 368,036 | \$97,891 | \$433,461 | |
| 740 | BUILDING MAINTENANCE | \$726,398 | \$826,305 | 50% | \$640,969 | 48% | \$185,336 | 27,784 | \$883,950 | \$942,596 | |
| 745 | CIP ADMINISTRATION | \$52,654 | \$572,086 | 41% | \$572,086 | 40% | | 61,688 | (\$9,034) | \$121,902 | |
| 760 | UNEMPLOYMENT INS. | \$47,278 | \$30,243 | 50% | \$25,827 | 47% | \$4,416 | | \$51,694 | \$51,695 | |
| 770 | WORKER'S COMP. | \$5,634 | \$482,548 | 55% | \$319,477 | 40% | \$163,071 | 19,250 | \$149,455 | \$835,388 | \$40,000 |
| 790 | EQUIPMENT REPLACEMENT | \$3,375,628 | \$167,804 | 44% | \$786 | 0% | \$167,018 | 543,401 | \$2,999,245 | \$2,999,244 | |
| 793 | CORPORATION YARD | \$283,120 | \$38,631 | 28% | \$71,979 | 42% | (\$33,348) | 242,165 | \$7,607 | \$5,597 | |
| 795 | GEN'L LIABILITY INS. | \$810,702 | \$218,164 | 48% | \$310,463 | 73% | (\$92,299) | | \$718,403 | \$858,686 | |
| TOTAL INTERNAL SERVICE FUNDS | | \$5,773,849 | \$2,500,291 | 48% | \$2,112,605 | 43% | \$387,686 | | \$4,899,211 | \$6,248,570 | \$40,000 |
| 820 | SPECIAL DEPOSITS | | | | | | | | | \$1,236,545 | |
| 841 | M.H. BUS.RANCH A.D. | \$381,939 | \$1,358 | n/a | \$299,893 | ##### | (\$298,535) | | \$83,404 | \$83,404 | |
| 842 | M.H. BUS. RANCH II A.D. | \$32,149 | 180 | n/a | \$31 | n/a | \$149 | | \$32,298 | \$32,298 | |
| 843 | M.H. BUS. RANCH 1998 | \$1,296,650 | \$5,492 | 24% | \$586,622 | 66% | (\$581,130) | | \$715,520 | (\$171,423) | \$886,943 |
| 844 | MH RANCH RSMNT 2004A | \$186,838 | \$302,913 | | \$91,978 | 15% | \$210,935 | | \$397,773 | (\$3,281) | \$401,056 |
| 845 | MADRONE BP-TAX EXEMPT | \$1,298,723 | \$4,411 | | \$501,709 | 63% | (\$497,298) | | \$801,425 | \$3,122 | \$798,302 |
| 846 | MADRONE BP-TAXABLE | \$251,768 | \$791 | 12% | \$101,436 | 58% | (\$100,645) | | \$151,122 | (\$3,011) | \$154,132 |
| 848 | TENNANT AVE.BUS.PK A.D. | \$430,286 | \$2,246 | 24% | | na | \$2,246 | | \$432,532 | \$432,532 | |
| 881 | POLICE DONATION TRUST FUND | \$21,414 | \$111 | 24% | | | \$111 | | | | \$21,525 |
| TOTAL AGENCY FUNDS | | \$3,899,767 | \$317,502 | 12% | \$1,581,669 | 64% | (\$1,264,167) | | \$2,635,599 | \$1,610,187 | \$2,261,958 |
| SUMMARY BY FUND TYPE | | | | | | | | | | | |
| GENERAL FUND GROUP | | \$10,898,370 | \$7,055,010 | 42% | \$9,661,928 | 51% | (\$2,606,918) | \$404,714 | \$7,886,738 | \$9,138,793 | \$6,150 |
| SPECIAL REVENUE GROUP | | \$6,644,960 | \$3,421,452 | 65% | \$2,791,905 | 33% | \$629,547 | \$1,726,772 | \$5,547,735 | \$7,225,746 | |
| DEBT SERVICE GROUP | | \$399,060 | \$25,840 | 8% | \$178,670 | 76% | (\$152,830) | | \$246,230 | \$48,030 | \$198,200 |
| CAPITAL PROJECTS GROUP | | \$32,840,841 | \$17,826,804 | 67% | \$13,134,218 | 30% | \$4,692,586 | \$3,840,390 | \$33,693,037 | \$22,483,427 | \$14,998,578 |
| ENTERPRISE GROUP | | \$75,251,846 | \$16,302,915 | 75% | \$9,096,387 | 34% | \$7,206,528 | \$60,451,042 | \$22,007,333 | \$16,090,022 | \$14,798,297 |
| INTERNAL SERVICE GROUP | | \$5,773,849 | \$2,500,291 | 48% | \$2,112,605 | 43% | \$387,686 | | \$4,899,211 | \$6,248,570 | \$40,000 |
| AGENCY GROUP | | \$3,899,767 | \$317,502 | 12% | \$1,581,669 | 64% | (\$1,264,167) | | \$2,635,599 | \$1,610,187 | \$2,261,958 |
| TOTAL ALL GROUPS | | \$135,708,693 | \$47,449,814 | 60% | \$38,557,382 | 37% | \$8,892,432 | \$66,422,918 | \$76,915,883 | \$62,844,776 | \$32,303,182 |
| TOTAL CASH AND INVESTMENTS | | | | | | | | | | \$95,147,958 | |

For Enterprise Funds - Unrestricted fund balance = Fund balance net of fixed assets and long-term liabilities.

¹ Amount restricted for encumbrances, fixed asset replacement, long-term receivables, and bond reserves.

² Amount restricted for debt service payments and AB1600 capital expansion projects as detailed in the City's five year CIP Plan and bond agreements.



CITY OF MORGAN HILL CASH AND INVESTMENT REPORT
FOR THE MONTH OF DECEMBER 2004
FOR THE FISCAL YEAR OF 2004-05

| | Invested in Fund | Yield | Book Value End of Month | Investment Category Subtotal at Cost | % of Total | Market Value |
|---|---------------------|----------|----------------------------|---|----------------|---------------------|
| Investments | | | | | | |
| State Treasurer LAIF - City | All Funds Pooled | 2.00% | \$22,940,458 | | 24.11% | \$22,911,481 ** |
| - RDA | RDA | 2.00% | \$5,304,704 | | 5.58% | \$5,298,003 ** |
| - Corp Yard | Corp Yard | 2.00% | \$52,611 | | 0.06% | \$52,544 ** |
| Federal Issues | All Funds Pooled | 3.20% | \$51,245,852 | | 53.85% | \$50,828,443 |
| SVNB CD | All Funds Pooled | 2.50% | \$2,000,000 | | 2.10% | \$2,000,000 |
| Money Market | All Funds Pooled | 1.54% | \$6,865 | \$81,550,490 | 0.01% | \$6,865 |
| Bond Reserve Accounts - held by trustees | | | | | | |
| BNY - 2002 SCRWA Bonds | | | | | | |
| MBIA Repurchase & Custody Agmt | Sewer | 4.78% | \$1,849,400 | | | |
| Blackrock Provident Temp Fund | | 1.57% | \$44,640 | | 1.99% | \$1,894,040 * |
| US Bank - 1999 Water C.O.P. | | | | | | |
| First American Treasury Obligation | Water | 0.11% | \$406,420 | | 0.43% | \$406,420 * |
| BNY - MH Water Revenue Bonds | | | | | | |
| Blackrock Liquidity Temp Fund | Water | 1.38% | \$5,393,243 | | 5.67% | \$5,393,243 * |
| BNY - MH Police Facility Lease Revenue Bonds | | | | | | |
| JP Morgan Treasury Plus | General Fund | 1.21% | \$676,326 | | 0.71% | \$676,326 * |
| US Bank - MH Ranch 98 | MH Ranch | | | | | |
| First American Treasury Obligation | Agency Fund | 0.11% | \$886,943 | | 0.93% | \$886,943 * |
| US Bank - Madrone Bus Park Tax Exempt | Madrone Bus Park | | | | | |
| First American Treasury Obligation | Agency Fund | 1.21% | \$663 | | | |
| US Treasury Bill | | 2.05% | \$797,639 | | 0.84% | \$801,736 * |
| US Bank - Madrone Bus Park Taxable | Madrone Bus Park | | | | | |
| First American Treasury Obligation | Agency Fund | 1.12% | \$358 | | | |
| US Treasury Bill | | 2.05% | \$153,774 | | 0.16% | \$154,794 * |
| BNY - MH Ranch 2004 A | MH Ranch Bus Park | | | | | |
| Blackrock Provident Temp Fund | Agency Fund | 1.57% | \$401,056 | \$10,610,462 | 0.42% | \$401,056 * |
| Other Accounts/Deposits | | | | | | |
| General Checking | All Funds | | \$1,500,000 | | 1.58% | \$1,500,000 |
| Dreyfuss Treas Cash Management Account | All Funds | | \$1,440,856 | | 1.51% | \$1,440,856 |
| Athens Administrators Workers' Comp | Workers' Comp | | \$40,000 | | 0.04% | \$40,000 |
| Petty Cash & Emergency Cash | Various Funds | | \$6,150 | \$2,987,006 | 0.01% | \$6,150 |
| Total Cash and Investments | | | \$95,147,958 | \$95,147,958 | 100.00% | \$94,698,900 |
| MH Financing Authority Investment in | | 1.75% to | | | | |
| MH Ranch AD Imprvmt Bond Series 2004 | | 4.50% | \$4,795,000 | | | Unavailable |

CASH ACTIVITY SUMMARY
FY 04/05

| Fund Type | 07/01/04 Balance | Change in Cash Balance | 12/31/04 Balance | Restricted | Unrestricted |
|---|---------------------|---------------------------|---------------------|---------------------|---------------------|
| General Fund | \$11,307,873 | (\$2,162,930) | \$9,144,943 | \$6,150 | \$9,138,793 |
| Community Development | \$1,564,866 | \$516,604 | \$2,081,470 | \$0 | \$2,081,470 |
| RDA (except Housing) | \$6,191,592 | \$58,342 | \$6,249,934 | \$0 | \$6,249,934 |
| Housing / CDBG | \$7,244,293 | (\$357,759) | \$6,886,534 | \$0 | \$6,886,534 |
| Water - Operations | \$3,236,757 | \$740,237 | \$3,976,994 | \$406,420 | \$3,570,574 |
| Water Other | \$3,450,125 | \$6,737,654 | \$10,187,779 | \$6,082,310 | \$4,105,469 |
| Sewer - Operations | \$5,088,334 | (\$995,739) | \$4,092,595 | \$1,894,040 | \$2,198,555 |
| Sewer Other | \$13,072,660 | (\$441,709) | \$12,630,951 | \$6,415,527 | \$6,215,424 |
| Other Special Revenue | \$3,503,684 | \$166,699 | \$3,670,383 | \$0 | \$3,670,383 |
| Streets and Capital Projects (except RDA) | \$23,802,360 | \$2,017,071 | \$25,819,431 | \$14,998,578 | \$10,820,853 |
| Assessment Districts | \$397,995 | (\$151,766) | \$246,229 | \$198,200 | \$48,030 |
| Internal Service | \$6,337,439 | (\$48,869) | \$6,288,570 | \$40,000 | \$6,248,570 |
| Agency Funds | \$4,902,523 | (\$1,030,378) | \$3,872,145 | \$2,261,958 | \$1,610,187 |
| Total | \$90,100,501 | \$5,047,457 | \$95,147,958 | \$32,303,182 | \$62,844,776 |

Note: See Investment Portfolio Detail for maturities of "Investments." Market values are obtained from the City's investment brokers' monthly reports.

* Market value as of 11/30/04

** Market value as of 09/30/04 factor

I certify the information on the investment reports on pages 6-8 has been reconciled to the general ledger and bank statements and that there are sufficient funds to meet the expenditure requirements of the City for the next six months. The portfolio is in compliance with the City of Morgan Hill investment policy and all State laws and regulations.

Prepared by: _____
 Lourdes Reroma
 Accountant I

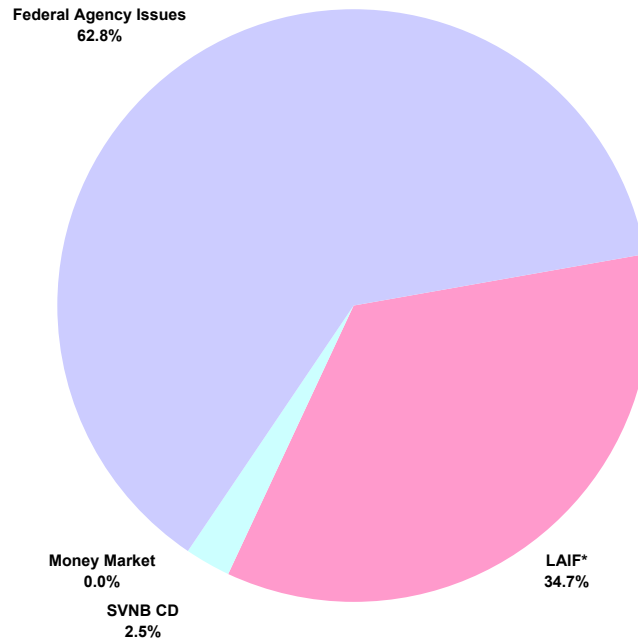
Approved by: _____
 Jack Dilles
 Director of Finance

Verified by: _____
 Tina Reza
 Assistant Director of Finance

 Mike Roorda
 City Treasurer



CITY OF MORGAN HILL **INVESTMENT PORTFOLIO DETAIL as of 12/31/04**



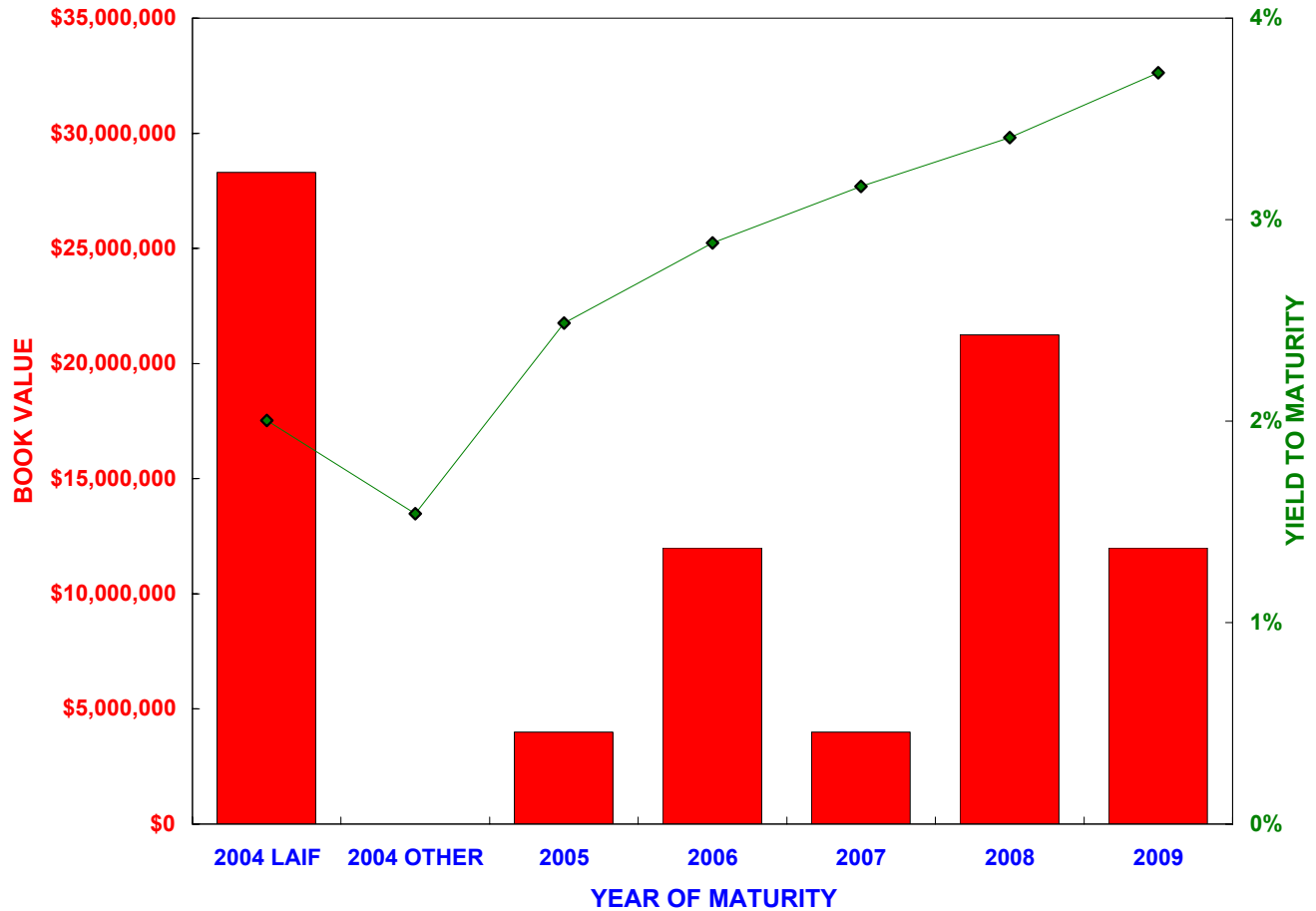
| Investment Type | Purchase Date | Book Value | % of Portfolio | Market Value | Stated Rate | Interest Earned | Next Call Date | Date of Maturity | Years to Maturity |
|------------------------------|---------------|---------------------|----------------|---------------------|---------------|--------------------|----------------|------------------|-------------------|
| LAIF* | | | | | | | | | |
| SVNB CD | 07/07/03 | \$2,000,000 | 2.45% | \$2,000,000 | 2.500% | \$17,378 | | 07/07/05 | 0.512 |
| Federal Agency Issues | | | | | | | | | |
| Fed Home Loan Bank | 05/21/04 | \$2,000,000 | 2.45% | \$1,991,880 | 2.474% | \$24,831 | 01/21/05 | 11/21/05 | 0.888 |
| Fed Home Loan Mgt Corp | 10/12/04 | \$2,000,000 | 2.45% | \$1,990,180 | 2.700% | \$12,016 | 01/12/05 | 04/12/06 | 1.277 |
| Fed Home Loan Bank | 02/26/04 | \$2,000,000 | 2.45% | \$1,985,620 | 2.563% | \$25,716 | 02/26/05 | 05/26/06 | 1.397 |
| Fed Home Loan Bank | 11/29/04 | \$2,000,000 | 2.45% | \$1,996,260 | 3.076% | \$5,608 | 02/28/05 | 08/28/06 | 1.655 |
| Fed Home Loan Mgt Corp | 11/30/04 | \$2,000,000 | 2.45% | \$1,995,700 | 3.070% | \$5,428 | 08/30/05 | 08/30/06 | 1.660 |
| Fed Home Loan Bank | 12/15/04 | \$2,000,000 | 2.45% | \$1,999,380 | 3.250% | \$2,889 | 03/05/05 | 09/15/06 | 1.704 |
| Fed Home Loan Bank | 03/29/04 | \$2,000,000 | 2.45% | \$1,963,760 | 2.650% | \$26,724 | 12/29/06 | 12/29/06 | 1.992 |
| Fed Home Loan Bank | 03/18/04 | \$2,000,000 | 2.45% | \$1,983,760 | 3.030% | \$30,587 | 03/18/05 | 06/18/07 | 2.460 |
| Fed Home Loan Bank | 03/29/04 | \$2,000,000 | 2.45% | \$1,963,760 | 3.300% | \$33,282 | 03/28/05 | 12/28/07 | 2.989 |
| Fed Home Loan Mgt Corp | 03/12/03 | \$2,000,000 | 2.45% | \$1,995,640 | 3.500% | \$35,350 | 03/12/05 | 03/12/08 | 3.195 |
| Fed Home Loan Bank | 03/26/03 | \$2,000,000 | 2.45% | \$1,986,260 | 3.375% | \$34,045 | anytime | 03/26/08 | 3.233 |
| Fed Home Loan Mgt Corp | 04/16/03 | \$2,000,000 | 2.45% | \$1,998,900 | 3.600% | \$36,280 | 04/16/05 | 04/16/08 | 3.290 |
| Fed Home Loan Mgt Corp | 04/17/03 | \$1,995,852 | 2.45% | \$1,993,820 | 3.625% | \$37,800 | 04/17/05 | 04/17/08 | 3.293 |
| Fed Farm Credit Bank | 06/03/03 | \$2,000,000 | 2.45% | \$1,973,760 | 3.210% | \$32,303 | 06/03/05 | 06/03/08 | 3.422 |
| Fed Farm Credit Bank | 06/12/03 | \$2,000,000 | 2.45% | \$1,956,880 | 2.950% | \$29,679 | 01/30/05 | 06/12/08 | 3.447 |
| Fed Home Loan Bank | 07/30/03 | \$2,000,000 | 2.45% | \$1,958,120 | 3.000% | \$30,052 | 01/30/05 | 07/30/08 | 3.578 |
| Fed Home Loan Bank | 07/30/03 | \$2,000,000 | 2.45% | \$1,974,380 | 3.243% | \$32,757 | 01/30/05 | 07/30/08 | 3.578 |
| Fed Home Loan Bank | 07/30/03 | \$2,000,000 | 2.45% | \$1,982,500 | 3.400% | \$34,059 | 01/30/05 | 07/30/08 | 3.578 |
| Fed Home Loan Bank | 08/14/03 | \$1,250,000 | 1.53% | \$1,247,263 | 3.690% | \$23,123 | 02/14/05 | 08/14/08 | 3.619 |
| Fed Home Loan Bank | 10/15/03 | \$2,000,000 | 2.45% | \$2,000,000 | 4.000% | \$20,156 | anytime | 10/15/08 | 3.789 |
| Fed Farm Credit Bank | 03/16/04 | \$2,000,000 | 2.45% | \$1,950,000 | 3.650% | \$36,852 | anytime | 03/16/09 | 4.205 |
| Fed Home Loan Bank | 03/26/04 | \$2,000,000 | 2.45% | \$2,000,620 | 4.000% | \$40,350 | 01/26/05 | 03/26/09 | 4.233 |
| Fed Home Loan Bank | 04/06/04 | \$2,000,000 | 2.45% | \$1,981,880 | 3.625% | \$36,543 | anytime | 04/06/09 | 4.263 |
| Fed Home Loan Bank | 04/07/04 | \$2,000,000 | 2.45% | \$1,980,620 | 3.600% | \$36,290 | 01/07/05 | 04/07/09 | 4.266 |
| Fed National Mortgage | 04/16/04 | \$2,000,000 | 2.45% | \$1,989,380 | 3.750% | \$37,792 | 01/16/05 | 04/16/09 | 4.290 |
| Fed Home Loan Bank | 04/29/04 | \$2,000,000 | 2.45% | \$1,988,120 | 3.750% | \$37,777 | 01/29/05 | 04/29/09 | 4.326 |
| Redeemed in FY 04/05 | | | | | | \$42,559 | | | |
| Sub Total/Average | | \$51,245,852 | 62.84% | \$50,828,443 | 3.204% | \$780,848 | | | 3.055 |
| Money Market | | | | | | | | | |
| | | \$6,865 | 0.01% | \$6,865 | 1.540% | \$5,525 | | | 0.003 |
| TOTAL/AVERAGE | | \$81,550,490 | 100.00% | \$81,097,336 | 2.833% | \$1,038,404 | | | 1.934 |

*Per State Treasurer Report dated 11/30/2004, LAIF had invested approximately 12% of its balance in Treasury Bills and Notes, 22% in CDs, 21% in Commercial Paper and Corporate Bonds, 0% in Banker's Acceptances and 45% in others.



CITY OF MORGAN HILL

INVESTMENT MATURITIES
AS OF DECEMBER 31, 2004



| YEAR OF MATURITY | BOOK VALUE | MARKET VALUE | AVERAGE RATE | % OF TOTAL |
|------------------|--------------|--------------|--------------|------------|
| 2004 LAIF | \$28,297,773 | \$28,262,028 | 2.003% | 34.70% |
| 2004 OTHER | \$6,865 | \$6,865 | 1.540% | 0.01% |
| 2005 | \$4,000,000 | \$3,991,880 | 2.487% | 4.90% |
| 2006 | \$12,000,000 | \$11,930,900 | 2.885% | 14.71% |
| 2007 | \$4,000,000 | \$3,947,520 | 3.165% | 4.90% |
| 2008 | \$21,245,852 | \$21,067,523 | 3.408% | 26.05% |
| 2009 | \$12,000,000 | \$11,890,620 | 3.729% | 14.71% |
| TOTAL | \$81,550,490 | \$81,097,336 | 2.833% | 100.00% |



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2004/05
For the Month of December 2004
50% of Year Completed

| FUND REVENUE SOURCE | ADOPTED BUDGET | AMENDED BUDGET | CURRENT YTD ACTUAL | % OF BUDGET | PRIOR YTD | INCR (DECR) FROM PRIOR YTD | % CHANGE |
|---|-------------------|-------------------|--------------------------|----------------|------------------|----------------------------------|-------------|
| 010 GENERAL FUND | | | | | | | |
| <u>TAXES</u> | | | | | | | |
| Property Taxes - Secured/Unsecured/Prio | 2,803,396 | 2,803,396 | 1,239,243 | 44% | 1,189,621 | 49,622 | 4% |
| Supplemental Roll | 157,500 | 157,500 | 50,302 | 32% | 40,920 | 9,382 | 23% |
| Sales Tax | 4,600,000 | 4,600,000 | 2,192,328 | 48% | 2,091,417 | 100,911 | 5% |
| Public Safety Sales Tax | 252,000 | 252,000 | 100,908 | 40% | 103,598 | (2,690) | -3% |
| Transient Occupancy Taxes | 945,000 | 945,000 | 285,353 | 30% | 270,117 | 15,236 | 6% |
| Franchise (Refuse ,Cable ,PG&E) | 965,000 | 965,000 | 144,624 | 15% | 135,208 | 9,416 | 7% |
| Property Transfer Tax | 367,500 | 367,500 | 204,536 | 56% | 191,663 | 12,873 | 7% |
| TOTAL TAXES | 10,090,396 | 10,090,396 | 4,217,294 | 42% | 4,022,544 | 194,750 | 5% |
| <u>LICENSES/PERMITS</u> | | | | | | | |
| Business License | 155,000 | 155,000 | 215,825 | 139% | 139,476 | 76,349 | 55% |
| Other Permits | 46,720 | 46,720 | 1,411 | 3% | 17,313 | (15,902) | -92% |
| TOTAL LICENSES/PERMITS | 201,720 | 201,720 | 217,236 | 108% | 156,789 | 60,447 | 39% |
| <u>FINES AND PENALTIES</u> | | | | | | | |
| Parking Enforcement | 12,000 | 12,000 | 5,146 | 43% | 6,569 | (1,423) | -22% |
| City Code Enforcement | 35,000 | 35,000 | 20,967 | 60% | 15,966 | 5,001 | 31% |
| Business tax late fee/other fines | 1,200 | 1,200 | 1,200 | 100% | 517 | 683 | 132% |
| TOTAL FINES AND PENALTIES | 48,200 | 48,200 | 27,313 | 57% | 23,052 | 4,261 | 18% |
| <u>OTHER AGENCIES</u> | | | | | | | |
| Motor Vehicle in-Lieu | 1,423,800 | 1,423,800 | 140,585 | 10% | 460,868 | (320,283) | -69% |
| Other Revenue - Other Agencies | 304,400 | 304,400 | 60,785 | 20% | 51,591 | 9,194 | 18% |
| TOTAL OTHER AGENCIES | 1,728,200 | 1,728,200 | 201,370 | 12% | 512,459 | (311,089) | -61% |
| <u>CHARGES CURRENT SERVICES</u> | | | | | | | |
| False Alarm Charge | 20,000 | 20,000 | 5,304 | 27% | 7,529 | (2,225) | -30% |
| Business License Application Review | 22,000 | 22,000 | 11,302 | 51% | 12,180 | (878) | -7% |
| Recreation Classes | 326,750 | 326,750 | 115,552 | 35% | 82,147 | 33,405 | 41% |
| Aquatics Revenue | 1,181,625 | 1,181,625 | 687,058 | 58% | | | |
| General Administration Overhead | 1,793,851 | 1,793,851 | 896,926 | 50% | 1,003,989 | (107,063) | -11% |
| Other Charges Current Services | 190,850 | 190,850 | 81,964 | 43% | 109,560 | (27,596) | -25% |
| TOTAL CURRENT SERVICES | 3,535,076 | 3,535,076 | 1,798,106 | 51% | 1,215,405 | (104,357) | -9% |
| <u>OTHER REVENUE</u> | | | | | | | |
| Use of money/property | 819,261 | 819,261 | 389,344 | 48% | 319,912 | 69,432 | 22% |
| Other revenues | 14,000 | 14,000 | 41,547 | 297% | 11,933 | 29,614 | 248% |
| TOTAL OTHER REVENUE | 833,261 | 833,261 | 430,891 | 52% | 331,845 | 99,046 | 30% |
| <u>TRANSFERS IN</u> | | | | | | | |
| Park Maintenance | 125,000 | 125,000 | 31,250 | 25% | 50,000 | (18,750) | -38% |
| Sewer Enterprise | 20,000 | 20,000 | 10,000 | 50% | 8,750 | 1,250 | 14% |
| Water Enterprise | 20,000 | 20,000 | 10,000 | 50% | 8,750 | 1,250 | 14% |
| Public Safety | 175,000 | 175,000 | 87,500 | 50% | 136,500 | (49,000) | -36% |
| Environmental Programs | 48,100 | 48,100 | 24,050 | 50% | 156,000 | (131,950) | -85% |
| HCD Block Grant | 15,000 | 15,000 | - | n/a | | - | n/a |
| Other Funds | | | | n/a | | - | n/a |
| TOTAL TRANSFERS IN | 403,100 | 403,100 | 162,800 | 40% | 360,000 | (197,200) | -55% |
| TOTAL GENERAL FUND | 16,839,953 | 16,839,953 | 7,055,010 | 42% | 6,622,094 | 432,916 | 7% |



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2004/05
For the Month of December 2004
50% of Year Completed

| FUND REVENUE SOURCE | ADOPTED BUDGET | AMENDED BUDGET | CURRENT YTD ACTUAL | % OF BUDGET | PRIOR YTD | INCR (DECR) FROM PRIOR YTD | % CHANGE |
|---|-------------------|-------------------|--------------------------|----------------|------------------|----------------------------------|--------------|
| SPECIAL REVENUE FUNDS | | | | | | | |
| <u>202 STREET MAINTENANCE</u> | | | | | | | |
| Gas Tax 2105 - 2107.5 | 674,000 | 674,000 | 346,857 | 51% | 340,349 | 6,508 | 2% |
| Measure A & B | - | - | - | n/a | - | - | n/a |
| Tea 21 | - | - | - | n/a | - | - | n/a |
| Transfers In | 700,000 | 800,000 | 325,000 | 41% | 325,000 | - | n/a |
| Project Reimbursement | - | - | 197,035 | n/a | 106,236 | 90,799 | 85% |
| Interest / Other Revenue/Other Charges | 29,635 | 29,635 | 36,415 | 123% | 12,833 | 23,582 | 184% |
| 202 STREET MAINTENANCE | 1,403,635 | 1,503,635 | 905,307 | 60% | 784,418 | 120,889 | 15% |
| <u>204/205 PUBLIC SAFETY TRUST</u> | | | | | | | |
| Interest Income | 6,103 | 6,103 | 1,608 | 26% | 1,993 | (385) | -19% |
| Police Grant/SLEF | 100,000 | 100,000 | 100,000 | 100% | 100,000 | - | n/a |
| PD Block Grant | - | - | - | n/a | - | - | n/a |
| CA Law Enforcement Equip. Grant | - | - | - | n/a | - | - | n/a |
| Federal Police Grant (COPS) | - | - | - | n/a | - | - | n/a |
| Transfers In | - | - | - | n/a | - | - | n/a |
| 204/205 PUBLIC SAFETY TRUST | 106,103 | 106,103 | 101,608 | 96% | 101,993 | (385) | 0% |
| <u>206 COMMUNITY DEVELOPMENT</u> | | | | | | | |
| Building Fees | 1,403,000 | 1,403,000 | 883,376 | 63% | 1,006,028 | (122,652) | -12% |
| Planning Fees | 791,621 | 791,621 | 438,984 | 55% | 241,812 | 197,172 | 82% |
| Engineering Fees | 516,500 | 516,500 | 676,321 | 131% | 146,217 | 530,104 | 363% |
| Other Revenue/Current Charges | 26,188 | 26,188 | 9,700 | 37% | 8,302 | 1,398 | 17% |
| Transfers | - | - | - | n/a | 15,000 | (15,000) | -100% |
| 206 COMMUNITY DEVELOPMENT | 2,737,309 | 2,737,309 | 2,008,381 | 73% | 1,417,359 | 591,022 | 42% |
| 207 GENERAL PLAN UPDATE | 80,154 | 80,154 | 69,957 | 87% | 48,196 | 21,761 | 45% |
| <u>215 and 216 HCD BLOCK GRANT</u> | | | | | | | |
| HCD allocation | 166,440 | 166,440 | - | n/a | - | - | n/a |
| Interest Income/Other Revenue | 9,648 | 9,648 | 17,774 | 184% | 5,817 | 11,957 | 206% |
| Transfers | - | - | - | n/a | - | - | n/a |
| 215 and 216 HCD BLOCK GRANT | 176,088 | 176,088 | 17,774 | 10% | 5,817 | 11,957 | 206% |
| 210 COMMUNITY CENTER | 52,119 | 52,119 | 25,536 | 49% | 1,446 | 24,090 | 1666% |
| 220 MUSEUM RENTAL | - | - | - | n/a | 5 | (5) | -100% |
| 225 ASSET SEIZURE | 1,020 | 1,020 | 10,203 | 1000% | 163 | 10,040 | 6160% |
| 229 LIGHTING AND LANDSCAPE | 130,766 | 130,766 | 269 | 0% | 198 | 71 | 36% |
| 232 ENVIRONMENTAL PROGRAMS | 399,491 | 399,491 | 128,698 | 32% | 103,755 | 24,943 | 24% |
| 234 MOBILE HOME PARK RENT STAB. | 5,148 | 5,148 | 6,108 | 119% | 5,173 | 935 | 18% |
| 235 SENIOR HOUSING | 5,501 | 5,501 | 1,318 | 24% | 1,093 | 225 | 21% |
| 236 HOUSING MITIGATION | 12,031 | 12,031 | 125,949 | 1047% | 19,466 | 106,483 | 547% |
| 240 EMPLOYEE ASSISTANCE | 29,059 | 29,059 | 17,379 | 60% | 15,338 | 2,041 | 13% |
| 247 ENVIRONMENT REMEDIATION | | | 2,965 | n/a | - | 2,965 | n/a |
| TOTAL SPECIAL REVENUE FUNDS | 5,138,424 | 5,238,424 | 3,421,452 | 65% | 2,504,420 | 917,032 | 37% |



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2004/05
For the Month of December 2004
50% of Year Completed

| FUND REVENUE SOURCE | ADOPTED BUDGET | AMENDED BUDGET | CURRENT YTD ACTUAL | % OF BUDGET | PRIOR YTD | INCR (DECR) FROM PRIOR YTD | % CHANGE |
|---|-------------------|-------------------|--------------------------|----------------|------------------|----------------------------------|--------------|
| CAPITAL PROJECTS FUNDS | | | | | | | |
| 301 PARK DEVELOPMENT | 578,596 | 578,596 | 567,350 | 98% | 449,174 | 118,176 | 26% |
| 302 PARK MAINTENANCE | 254,863 | 254,863 | 172,354 | 68% | 101,380 | 70,974 | 70% |
| 303 LOCAL DRAINAGE | 243,292 | 243,292 | 396,324 | 163% | 95,646 | 300,678 | 314% |
| 304 LOCAL DRAINAGE/NON AB1600 | 146,377 | 146,377 | 93,580 | 64% | 73,664 | 19,916 | 27% |
| 305 OFF-STREET PARKING | - | - | - | n/a | 17 | (17) | -100% |
| 306 OPEN SPACE | 165,125 | 165,125 | 212,566 | 129% | 73,608 | 138,958 | 189% |
| 309 TRAFFIC MITIGATION | 651,916 | 651,916 | 504,444 | 77% | 902,169 | (397,725) | -44% |
| 311 POLICE MITIGATION | 39,568 | 39,568 | 70,305 | 178% | 40,608 | 29,697 | 73% |
| 313 FIRE MITIGATION | 138,417 | 138,417 | 75,468 | 55% | 123,468 | (48,000) | -39% |
| 317 RDA CAPITAL PROJECTS | | | | | | | |
| Property Taxes & Supplemental Roll | 17,280,277 | 17,280,277 | 6,076,643 | 35% | 5,488,793 | 587,850 | 11% |
| Development Agreements | | | - | n/a | | - | n/a |
| Interest Income, Rents | 17,031 | 17,031 | 50,346 | 296% | 93,787 | (43,441) | -46% |
| Other Agencies/Current Charges/Transfer | - | 778,976 | 115,487 | n/a | 20,970 | 94,517 | 451% |
| 317 RDA CAPITAL PROJECTS | 17,297,308 | 18,076,284 | 6,242,476 | 35% | 5,603,550 | 638,926 | 11% |
| 327/328 RDA L/M HOUSING | | | | | | | |
| Property Taxes & Supplemental Roll | 4,737,350 | 4,737,350 | 1,750,570 | 37% | 1,670,037 | 80,533 | 5% |
| Interest Income, Rent | 112,277 | 112,277 | 59,331 | 53% | 53,656 | 5,675 | 11% |
| Other | 100 | 100 | 690 | 690% | 894 | (204) | -23% |
| 327/328 RDA L/M HOUSING | 4,849,727 | 4,849,727 | 1,810,591 | 37% | 1,724,587 | 86,004 | 5% |
| 346 PUBLIC FACILITIES NON-AB1600 | 629,137 | 629,137 | 7,410,040 | 1178% | 33,758 | 7,376,282 | 21850% |
| 347 PUBLIC FACILITIES | 74,737 | 74,737 | 61,648 | 82% | 209,502 | (147,854) | -71% |
| 348 LIBRARY | 526,000 | 526,000 | 48,959 | 9% | 37,763 | 11,196 | 30% |
| 350 UNDERGROUNDING | 242,742 | 242,742 | 128,032 | 53% | 31,186 | 96,846 | 311% |
| 340/342 MH BUS.RANCH CIP I & II | 2,270 | 2,270 | 544 | 24% | 438 | 106 | 24% |
| 360 COMMUNITY/REC IMPACT FUND | 44,399 | 44,399 | 32,123 | 72% | 307 | 31,816 | 10364% |
| TOTAL CAPITAL PROJECTS FUNDS | 25,884,474 | 26,663,450 | 17,826,804 | 67% | 9,500,825 | 8,325,979 | 88% |
| DEBT SERVICE FUNDS | | | | | | | |
| 536 ENCINO HILLS | 1,495 | 1,495 | - | n/a | 290 | (290) | -100% |
| 539 MORGAN HILL BUSINESS PARK | 250 | 250 | - | n/a | 50 | (50) | -100% |
| 542 SUTTER BUSINESS PARK | 552 | 552 | - | n/a | 107 | (107) | -100% |
| 545 COCHRANE BUSINESS PARK | 279,134 | 279,134 | 2,180 | 1% | 1,461 | 719 | 49% |
| 551 JOLEEN WAY | 41,235 | 41,235 | 23,660 | 57% | 124 | 23,536 | 18981% |
| TOTAL DEBT SERVICE FUNDS | 322,666 | 322,666 | 25,840 | 8% | 2,032 | 23,808 | 1172% |



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2004/05
For the Month of December 2004
50% of Year Completed

| FUND REVENUE SOURCE | ADOPTED BUDGET | AMENDED BUDGET | CURRENT YTD ACTUAL | % OF BUDGET | PRIOR YTD | INCR (DECR) FROM PRIOR YTD | % CHANGE |
|--|-------------------|-------------------|--------------------------|----------------|-------------------|----------------------------------|-------------|
| ENTERPRISE FUNDS | | | | | | | |
| 640 SEWER OPERATION | | | | | | | |
| Sewer Service Fees | 5,459,000 | 5,459,000 | 2,696,406 | 49% | 2,672,060 | 24,346 | 1% |
| Interest Income | 59,437 | 59,437 | 13,857 | 23% | 16,726 | (2,869) | -17% |
| Other Revenue/Current Charges | 110,500 | 110,500 | 92,094 | 83% | 96,290 | (4,196) | -4% |
| 640 SEWER OPERATION | 5,628,937 | 5,628,937 | 2,802,357 | 50% | 2,785,076 | 17,281 | 1% |
| 641 SEWER EXPANSION | | | | | | | |
| Interest Income | 94,826 | 94,826 | 32,623 | 34% | 21,876 | 10,747 | 49% |
| Connection Fees | 1,100,000 | 1,100,000 | 1,020,797 | 93% | 1,276,477 | (255,680) | -20% |
| Other | - | - | 396 | n/a | 330 | 66 | 20% |
| 641 SEWER EXPANSION | 1,194,826 | 1,194,826 | 1,053,816 | 88% | 1,298,683 | (244,867) | -19% |
| 642 SEWER RATE STABILIZATION | 84,161 | 84,161 | 20,643 | 25% | 16,266 | 4,377 | 27% |
| 643 SEWER-CAPITAL PROJECT | 36,527 | 36,527 | 14,199 | 39% | 137,687 | (123,488) | -90% |
| TOTAL SEWER FUNDS | 6,944,451 | 6,944,451 | 3,891,015 | 56% | 4,237,712 | (346,697) | -8% |
| 650 WATER OPERATION | | | | | | | |
| Water Sales | 5,821,375 | 5,821,375 | 3,887,384 | 67% | 3,963,477 | (76,093) | -2% |
| Meter Install & Service | 40,000 | 40,000 | 71,756 | 179% | 24,961 | 46,795 | 187% |
| Transfers-In, and Interest Income | 2,516,848 | 2,516,848 | 43,181 | 2% | 540,483 | (497,302) | -92% |
| Other Revenue/Current Charges | 279,688 | 279,688 | 410,530 | 147% | 174,738 | 235,792 | 135% |
| 650 WATER OPERATION | 8,657,911 | 8,657,911 | 4,412,851 | 51% | 4,703,659 | (290,808) | -6% |
| 651 WATER EXPANSION | | | | | | | |
| Interest Income/Other Revenue/Transfer | 5,000,000 | 5,000,000 | 5,418,386 | 108% | 560,898 | 4,857,488 | 866% |
| Water Connection Fees | 200,000 | 200,000 | 240,855 | 120% | 209,562 | 31,293 | 15% |
| 651 WATER EXPANSION | 5,200,000 | 5,200,000 | 5,659,241 | 109% | 770,460 | 4,888,781 | 635% |
| 652 Water Rate Stabilization | 445 | 445 | 137 | 31% | 3,455 | (3,318) | -96% |
| 653 Water Capital Project | 1,016,646 | 1,016,646 | 2,339,671 | 230% | 537,989 | 1,801,682 | 335% |
| TOTAL WATER FUNDS | 14,875,002 | 14,875,002 | 12,411,900 | 83% | 6,015,563 | 6,396,337 | 106% |
| TOTAL ENTERPRISE FUNDS | 21,819,453 | 21,819,453 | 16,302,915 | 75% | 10,253,275 | 6,049,640 | 59% |
| INTERNAL SERVICE FUNDS | | | | | | | |
| 730 INFORMATION SERVICES | 279,995 | 279,995 | 164,510 | 59% | 122,630 | 41,880 | 34% |
| 740 BUILDING MAINTENANCE SERVICES | 1,652,610 | 1,652,610 | 826,305 | 50% | 446,973 | 379,332 | 85% |
| 745 CIP ADMINISTRATION | 1,395,765 | 1,395,765 | 572,086 | 41% | 640,396 | (68,310) | -11% |
| 760 UNEMPLOYMENT INSURANCE | 60,484 | 60,484 | 30,243 | 50% | 7,363 | 22,880 | 311% |
| 770 WORKERS COMPENSATION | 875,300 | 875,300 | 482,548 | 55% | 234,986 | 247,562 | 105% |
| 790 EQUIPMENT REPLACEMENT | 373,009 | 384,009 | 167,804 | 44% | 114,024 | 53,780 | 47% |
| 793 CORPORATION YARD COMMISSION | 136,715 | 136,715 | 38,631 | 28% | 39,640 | (1,009) | -3% |
| 795 GENERAL LIABILITY INSURANCE | 453,709 | 453,709 | 218,164 | 48% | 190,295 | 27,869 | 15% |
| TOTAL INTERNAL SERVICE FUNDS | 5,227,587 | 5,238,587 | 2,500,291 | 48% | 1,796,307 | 703,984 | 39% |



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2004/05
For the Month of December 2004
50% of Year Completed

| FUND REVENUE SOURCE | ADOPTED BUDGET | AMENDED BUDGET | CURRENT YTD ACTUAL | % OF BUDGET | PRIOR YTD | INCR (DECR) FROM PRIOR YTD | % CHANGE |
|--------------------------------|-------------------|-------------------|--------------------------|----------------|-------------------|----------------------------------|-------------|
| AGENCY FUNDS | | | | | | | |
| 841 M.H. BUS.RANCH A.D. I | - | - | 1,358 | n/a | 6,036 | (4,678) | -78% |
| 842 M.H. BUS.RANCH A.D. II | - | - | 180 | n/a | 421 | (241) | -57% |
| 843 M.H. BUS.RANCH 1998 | 905,353 | 905,353 | 5,492 | 1% | 3,402 | 2,090 | 61% |
| 844 M.H. RANCH REFUNDING 2004A | 619,142 | 619,142 | 302,913 | 49% | | 302,913 | n/a |
| 845 MADRONE BP-TAX EXEMPT | 826,553 | 826,553 | 4,411 | 1% | 2,942 | 1,469 | 50% |
| 846 MADRONE BP-TAXABLE | 179,459 | 179,459 | 791 | 0% | 571 | 220 | 39% |
| 848 TENNANT AVE.BUS.PK A.D. | 37,993 | 37,993 | 2,246 | 6% | 61,367 | (59,121) | -96% |
| 881 POLICE DONATION TRUST FUND | 465 | 465 | 111 | 24% | 95 | 16 | 17% |
| TOTAL AGENCY FUNDS | 2,568,965 | 2,568,965 | 317,502 | 12% | 74,834 | 242,668 | 324% |
| TOTAL FOR ALL FUNDS | 77,801,522 | 78,691,498 | 47,449,814 | 60% | 30,753,787 | 16,343,731 | 53% |



City of Morgan Hill
Year to Date Expenses - Fiscal Year 2004/05
For the Month of December 2004
50% of Year Completed

| FUND NO. | FUND/ACTIVITY | THIS MONTH ACTUAL EXPENSES | ADOPTED BUDGET | AMENDED BUDGET | YTD EXPENSES | OUTSTANDING ENCUMBRANCE | TOTAL ALLOCATED | PERCENT OF TOTAL TO BUDGET |
|--|-----------------------------|----------------------------|-------------------|-------------------|------------------|-------------------------|------------------|----------------------------|
| 010 GENERAL FUND | | | | | | | | |
| I. GENERAL GOVERNMENT | | | | | | | | |
| COUNCIL AND MISCELLANEOUS GOVT. | | | | | | | | |
| | City Council | 21,708 | 174,319 | 179,647 | 90,819 | 2,468 | 93,287 | 52% |
| | Community Promotions | <u>1,204</u> | <u>28,114</u> | <u>28,114</u> | <u>8,401</u> | - | <u>8,401</u> | <u>30%</u> |
| COUNCIL AND MISCELLANEOUS GO | | 22,912 | 202,433 | 207,761 | 99,220 | 2,468 | 101,688 | 49% |
| CITY ATTORNEY | | 103,341 | 566,191 | 600,022 | 525,389 | 143,320 | 668,709 | 111% |
| CITY MANAGER | | | | | | | | |
| | City Manager | 25,629 | 318,659 | 318,659 | 158,320 | | 158,320 | 50% |
| | Cable Television | 1,044 | 44,961 | 44,961 | 19,628 | 17,261 | 36,889 | 82% |
| | Communications & Marketing | <u>5,313</u> | <u>71,045</u> | <u>71,045</u> | <u>29,881</u> | - | <u>29,881</u> | <u>42%</u> |
| CITY MANAGER | | 31,986 | 434,665 | 434,665 | 207,829 | 17,261 | 225,090 | 52% |
| RECREATION | | | | | | | | |
| | Recreation | 19,075 | 285,551 | 285,551 | 126,452 | 75,000 | 201,452 | 71% |
| | Community & Cultural Center | 99,130 | 1,287,874 | 1,346,160 | 552,117 | 134,247 | 686,364 | 51% |
| | Aquatics Center | <u>64,558</u> | <u>1,179,260</u> | <u>1,179,260</u> | <u>873,530</u> | <u>5,601</u> | <u>879,131</u> | <u>75%</u> |
| RECREATION | | 182,763 | 2,752,685 | 2,810,971 | 1,552,099 | 214,848 | 1,766,947 | 63% |
| HUMAN RESOURCES | | | | | | | | |
| | Human Resources | 38,460 | 485,417 | 485,417 | 232,953 | - | 232,953 | 48% |
| | Volunteer Programs | <u>4,164</u> | <u>55,912</u> | <u>55,912</u> | <u>25,377</u> | - | <u>25,377</u> | <u>45%</u> |
| HUMAN RESOURCES | | 42,624 | 541,329 | 541,329 | 258,330 | | 258,330 | 48% |
| CITY CLERK | | | | | | | | |
| | City Clerk | 18,117 | 252,920 | 277,261 | 133,014 | - | 133,014 | 48% |
| | Elections | <u>46,563</u> | <u>100,296</u> | <u>100,296</u> | <u>64,889</u> | - | <u>64,889</u> | <u>65%</u> |
| CITY CLERK | | 64,680 | 353,216 | 377,557 | 197,903 | - | 197,903 | 52% |
| FINANCE | | 79,745 | 927,325 | 927,325 | 455,120 | - | 455,120 | 49% |
| MEDICAL SERVICES | | - | | 5,000 | | 5,000 | 5,000 | n/a |
| TOTAL GENERAL GOVERNMENT | | 528,051 | 5,777,844 | 5,904,630 | 3,295,890 | 382,897 | 3,678,787 | 62% |
| II. PUBLIC SAFETY | | | | | | | | |
| POLICE | | | | | | | | |
| | PD Administration | 45,017 | 614,784 | 614,784 | 282,445 | - | 282,445 | 46% |
| | Patrol | 357,317 | 4,106,920 | 4,121,520 | 1,980,756 | 5,026 | 1,985,782 | 48% |
| | Support Services | 65,534 | 949,449 | 949,449 | 436,414 | 1,669 | 438,083 | 46% |
| | Emergency Services/Haz Mat | 225 | 46,252 | 50,264 | 5,793 | 4,013 | 9,806 | 20% |
| | Special Operations | 96,410 | 1,195,840 | 1,203,958 | 666,413 | 10,459 | 676,872 | 56% |
| | Animal Control | 5,911 | 86,078 | 86,078 | 43,611 | | 43,611 | 51% |
| | Dispatch Services | <u>67,101</u> | <u>988,927</u> | <u>989,577</u> | <u>422,121</u> | <u>650</u> | <u>422,771</u> | <u>43%</u> |
| POLICE | | 637,515 | 7,988,250 | 8,015,630 | 3,837,553 | 21,817 | 3,859,370 | 48% |
| FIRE | | 349,531 | 4,194,617 | 4,194,617 | 2,097,299 | - | 2,097,299 | 50% |
| TOTAL PUBLIC SAFETY | | 987,046 | 12,182,867 | 12,210,247 | 5,934,852 | 21,817 | 5,956,669 | 49% |
| III. COMMUNITY IMPROVEMENT | | | | | | | | |
| PARK MAINTENANCE | | 53,943 | 705,572 | 706,957 | 357,161 | | 357,161 | 51% |
| TOTAL COMMUNITY IMPROVEMENT | | 53,943 | 705,572 | 706,957 | 357,161 | - | 357,161 | 51% |



City of Morgan Hill
Year to Date Expenses - Fiscal Year 2004/05
For the Month of December 2004
50% of Year Completed

| FUND NO. | FUND/ACTIVITY | THIS MONTH ACTUAL EXPENSES | ADOPTED BUDGET | AMENDED BUDGET | YTD EXPENSES | OUTSTANDING ENCUMBRANCE | TOTAL ALLOCATED | PERCENT OF TOTAL TO BUDGET |
|---------------------------------------|----------------------------------|----------------------------|-------------------|-------------------|-------------------|-------------------------|-------------------|----------------------------|
| IV. TRANSFERS | | | | | | | | |
| | Public Safety | | | | | - | - | n/a |
| | Community Center | 4,167 | 50,000 | 50,000 | 25,000 | | | |
| | Info Systems | 49,025 | 49,025 | 49,025 | 49,025 | - | 49,025 | 100% |
| | Employee Assistance | - | | | - | - | - | n/a |
| TOTAL TRANSFERS | | 53,192 | 99,025 | 99,025 | 74,025 | - | 49,025 | 50% |
| TOTAL GENERAL FUND | | 1,622,232 | 18,765,308 | 18,920,859 | 9,661,928 | 404,714 | 10,041,642 | 53% |
| SPECIAL REVENUE FUNDS | | | | | | | | |
| 202 STREET MAINTENANCE | | | | | | | | |
| | Street Maintenance/Traffic | 130,202 | 1,593,914 | 1,634,616 | 736,587 | 218,892 | 955,479 | 58% |
| | Congestion Management | 3,725 | 80,329 | 80,329 | 32,856 | | 32,856 | 41% |
| | Street CIP | 20,700 | 44,993 | 506,528 | 112,540 | 133,429 | 245,969 | 49% |
| 202 STREET MAINTENANCE | | 154,627 | 1,719,236 | 2,221,473 | 881,983 | 352,321 | 1,234,304 | 56% |
| 204/205 | PUBLIC SAFETY/SUPP.LAW | 14,627 | 175,520 | 175,520 | 87,760 | | 87,760 | 50% |
| 206 COMMUNITY DEVELOPMENT FUND | | | | | | | | |
| | Planning | 91,384 | 1,086,783 | 1,236,714 | 572,449 | 128,688 | 701,137 | 57% |
| | Building | 63,606 | 1,038,955 | 1,055,719 | 428,298 | 97,612 | 525,910 | 50% |
| | PW-Engineering | 65,015 | 1,096,107 | 1,121,273 | 460,424 | 76,407 | 536,831 | 48% |
| 206 COMMUNITY DEVELOPMENT FUND | | 220,005 | 3,221,845 | 3,413,706 | 1,461,171 | 302,707 | 1,763,878 | 52% |
| 207 | GENERAL PLAN UPDATE | 998 | 60,498 | 147,742 | 20,850 | 207,529 | 228,379 | 155% |
| 210 | COMMUNITY CENTER | - | - | - | - | - | - | n/a |
| 215/216 | CDBG | 11,485 | 288,007 | 657,039 | 45,742 | 56,482 | 102,224 | 16% |
| 220 | MUSEUM RENTAL | - | - | - | - | - | - | n/a |
| 225 | ASSET SEIZURE | 15,523 | - | - | 35,519 | 1,402 | 36,921 | n/a |
| 229 | LIGHTING AND LANDSCAPE | 9,215 | 14,038 | 140,038 | 74,024 | 37,593 | 111,617 | 80% |
| 232 | ENVIRONMENT PROGRAMS | (46,567) | 417,937 | 535,570 | 145,021 | 97,700 | 242,721 | 45% |
| 234 | MOBILE HOME PARK | 3,115 | 5,202 | 200,545 | 9,689 | 186,420 | 196,109 | 98% |
| 235 | SENIOR HOUSING TRUST FUNI | 604 | 20,180 | 20,180 | 604 | 5,276 | 5,880 | 29% |
| 236 | HOUSING MITIGATION FUND | - | 1,015,000 | 1,015,000 | - | - | - | n/a |
| 240 | EMPLOYEE ASSISTANCE | 8,421 | 25,000 | 25,000 | 29,542 | - | 29,542 | 118% |
| TOTAL SPECIAL REVENUE FUNDS | | 392,053 | 6,962,463 | 8,551,813 | 2,791,905 | 1,247,430 | 4,039,335 | 47% |
| CAPITAL PROJECT FUNDS | | | | | | | | |
| 301 | PARK DEVELOPMENT | 4,170 | 2,062,944 | 2,126,271 | 55,886 | 74,583 | 130,469 | 6% |
| 302 | PARK MAINTENANCE | - | 150,000 | 150,000 | 31,250 | - | 31,250 | 21% |
| 303 | LOCAL DRAINAGE | 128 | 2,001,536 | 2,001,536 | 768 | - | 768 | 0% |
| 304 | LOCAL DRAIN. NON-AB1600 | 2,389 | 841,669 | 854,739 | 16,653 | 6,349 | 23,002 | 3% |
| 305 | OFF STREET PARKING | - | - | - | - | - | - | n/a |
| 306 | OPEN SPACE | - | - | - | 492 | - | 492 | - |
| 309 | TRAFFIC MITIGATION | 61,574 | 1,050,000 | 2,007,433 | 196,130 | 634,986 | 831,116 | 41% |
| 311 | POLICE MITIGATION | 495 | 88,937 | 98,444 | 2,969 | 10,000 | 12,969 | 13% |
| 313 | FIRE MITIGATION | 115 | 101,380 | 132,676 | 690 | 9,101 | 9,791 | 7% |
| 317 | RDA BUSINESS ASSISTANCE | 670,040 | 13,453,262 | 20,295,344 | 3,832,891 | 2,382,328 | 6,215,219 | 31% |
| 327/328 | RDA HOUSING | 104,824 | 5,824,189 | 6,589,093 | 2,021,314 | 106,794 | 2,128,108 | 32% |
| 340/342 | MH BUS RANCH CIP | 66,554 | - | - | 66,554 | - | 66,554 | n/a |
| 346 | PUBLIC FAC.NON AB1600 | 3,219 | 553,000 | 7,506,199 | 6,907,642 | 489,053 | 7,396,695 | 99% |
| 347 | PUBLIC FACILITIES | 114 | 1,365 | 11,115 | 683 | 9,750 | 10,433 | 94% |
| 348 | LIBRARY IMPACT | 17 | 1,000,202 | 1,000,202 | 101 | - | 101 | 0% |
| 350 | UNDERGROUNDING | 33 | 375,390 | 441,037 | 195 | 36,397 | 36,592 | 8% |
| 360 | COMM/REC CTR IMPACT | - | 50,000 | 50,000 | - | - | - | n/a |
| TOTAL CAPITAL PROJECTS FUNDS | | 913,672 | 27,553,874 | 43,264,089 | 13,134,218 | 3,759,341 | 16,893,559 | 39% |



City of Morgan Hill
Year to Date Expenses - Fiscal Year 2004/05
For the Month of December 2004
50% of Year Completed

| FUND NO. | FUND/ACTIVITY | THIS MONTH ACTUAL EXPENSES | ADOPTED BUDGET | AMENDED BUDGET | YTD EXPENSES | OUTSTANDING ENCUMBRANCE | TOTAL ALLOCATED | PERCENT OF TOTAL TO BUDGET |
|-------------------------------------|----------------------------|----------------------------|-------------------|--------------------|-------------------|-------------------------|-------------------|----------------------------|
| DEBT SERVICE FUNDS | | | | | | | | |
| 539 | MORGAN HILL BUS. PARK A.D. | - | - | - | - | - | - | n/a |
| 542 | SUTTER BUS. PARK A.D. | - | - | - | - | - | - | n/a |
| 545 | COCHRANE BUS. PARK A.D. | 655 | 194,200 | 194,200 | 148,437 | - | 148,437 | 76% |
| 551 | JOLEEN WAY A.D. | 655 | 39,561 | 39,561 | 30,233 | - | 30,233 | 76% |
| TOTAL DEBT SERVICE FUNDS | | 1,310 | 233,761 | 233,761 | 178,670 | - | 178,670 | 76% |
| ENTERPRISE FUNDS | | | | | | | | |
| SEWER | | | | | | | | |
| 640 | SEWER OPERATION | 426,169 | 6,450,819 | 6,529,282 | 3,597,309 | 142,515 | 3,739,824 | 57% |
| 641 | CAPITAL EXPANSION | 235,248 | 3,556,745 | 3,946,185 | 411,360 | 58,328 | 469,688 | 12% |
| 642 | SEWER RATE STABILIZATION | 176 | 2,117 | 2,117 | 1,059 | - | 1,059 | 50% |
| 643 | SEWER-CAPITAL PROJECTS | <u>128,902</u> | <u>472,539</u> | <u>1,229,515</u> | <u>542,525</u> | <u>251,900</u> | <u>794,425</u> | <u>65%</u> |
| TOTAL SEWER FUND(S) | | 790,495 | 10,482,220 | 11,707,099 | 4,552,253 | 452,743 | 5,004,996 | 43% |
| WATER | | | | | | | | |
| | Water Operations Division | 502,300 | 6,541,316 | 6,812,203 | 3,019,801 | 491,877 | 3,511,678 | 52% |
| | Meter Reading/Repair | 32,844 | 719,352 | 743,447 | 210,960 | 24,000 | 234,960 | 32% |
| | Utility Billing | 28,103 | 392,283 | 392,283 | 186,795 | 12,772 | 199,567 | 51% |
| | Water Conservation | <u>4,203</u> | <u>59,466</u> | <u>64,711</u> | <u>25,588</u> | <u>69</u> | <u>25,657</u> | <u>40%</u> |
| 650 | WATER OPERATIONS | 567,450 | 7,712,417 | 8,012,644 | 3,443,144 | 528,718 | 3,971,862 | 50% |
| 651 | CAPITAL EXPANSION | 261,844 | 2,845,226 | 4,234,398 | 733,629 | 48,821 | 782,450 | 18% |
| 652 | WATER RATE STABILIZATION | 41 | 493 | 493 | 246 | - | 246 | 50% |
| 653 | WATER-CAPITAL PROJECTS | <u>93,445</u> | <u>1,115,923</u> | <u>3,170,822</u> | <u>367,115</u> | <u>214,221</u> | <u>581,336</u> | <u>18%</u> |
| TOTAL WATER FUND(S) | | 922,780 | 11,674,059 | 15,418,357 | 4,544,134 | 791,760 | 5,335,894 | 35% |
| TOTAL ENTERPRISE FUNDS | | 1,713,275 | 22,156,279 | 27,125,456 | 9,096,387 | 1,244,503 | 10,340,890 | 38% |
| INTERNAL SERVICE FUNDS | | | | | | | | |
| 730 | INFORMATION SERVICES | (32,936) | 430,970 | 450,489 | 171,018 | 335,570 | 506,588 | 112% |
| 740 | BUILDING MAINTENANCE | 82,142 | 1,343,445 | 1,343,445 | 640,969 | 27,784 | 668,753 | 50% |
| 745 | CIP ENGINEERING | 100,725 | 1,395,765 | 1,431,786 | 572,086 | 60,657 | 632,743 | 44% |
| 760 | UNEMPLOYMENT | - | 55,000 | 55,000 | 25,827 | - | 25,827 | 47% |
| 770 | WORKERS COMPENSATION | 12,831 | 767,200 | 789,775 | 319,477 | 19,250 | 338,727 | 43% |
| 790 | EQUIPMENT REPLACEMENT | 131 | 187,240 | 187,240 | 786 | - | 786 | 0% |
| 793 | CORP YARD COMMISSION | 11,003 | 130,200 | 173,212 | 71,979 | 17,405 | 89,384 | 52% |
| 795 | GEN. LIABILITY INSURANCE | - | 427,700 | 427,700 | 310,463 | - | 310,463 | 73% |
| TOTAL INTERNAL SERVICE FUNDS | | 173,896 | 4,737,520 | 4,858,647 | 2,112,605 | 460,666 | 2,573,271 | 53% |
| AGENCY FUNDS | | | | | | | | |
| 841 | MORGAN HILL BUS RANCH I | - | - | - | 299,893 | - | 299,893 | n/a |
| 842 | MORGAN HILL BUS RANCH II | - | - | - | 31 | - | 31 | n/a |
| 843 | MORGAN HILL BUS RANCH 98 | (65,899) | 893,395 | 893,395 | 586,622 | 37,948 | 624,570 | 70% |
| 844 | MH RANCH RSMNT 2004A | 781 | 598,873 | 598,873 | 91,978 | - | 91,978 | 15% |
| 845 | MADRONE BP-TAX EXEMPT | 655 | 800,730 | 800,730 | 501,709 | - | 501,709 | 63% |
| 846 | MADRONE BP-TAXABLE | 655 | 175,480 | 175,480 | 101,436 | - | 101,436 | 58% |
| 848 | TENNANT AVE BUS PARK AD | - | - | - | - | - | - | n/a |
| 881 | POLICE DONATION TRUST | - | - | - | - | - | - | n/a |
| TOTAL AGENCY FUNDS | | (63,808) | 2,468,478 | 2,468,478 | 1,581,669 | 37,948 | 1,619,617 | 66% |
| REPORT TOTAL | | 4,752,630 | 82,877,683 | 105,423,103 | 38,557,382 | 7,154,602 | 45,686,984 | 43% |



City of Morgan Hill
Enterprise Funds Report - Fiscal Year 2004/05
For the Month of December 2004
50% of Year Completed

YTD INCOME STATEMENT FOR CURRENT AND PRIOR YEAR

| | Sewer Operations | | | | Water Operations | | | |
|---|---------------------|---------------------|-------------|-----------------------|---------------------|-------------------|-------------|---------------------|
| | Budget | YTD | % of Budget | Prior YTD | Budget | YTD | % of Budget | Prior YTD |
| Operations | | | | | | | | |
| Revenues | | | | | | | | |
| Service Charges | \$ 5,459,000 | \$ 2,696,406 | 49% | \$ 2,672,060 | \$ 5,821,375 | \$ 3,887,384 | 67% | \$ 3,963,477 |
| Meter Install & Service | | | | | 40,000 | 71,756 | 179% | 24,961 |
| Other | 110,500 | 92,094 | 83% | 96,290 | 279,688 | 410,530 | 147% | 142,883 |
| Total Operating Revenues | 5,569,500 | 2,788,500 | 50% | 2,768,350 | 6,141,063 | 4,369,670 | 71% | 4,131,321 |
| Expenses | | | | | | | | |
| Operations | 4,682,409 | 2,222,819 | 47% | 2,182,139 | 4,750,307 | 2,631,991 | 55% | 2,669,713 |
| Meter Reading/Repair | | | | | 637,156 | 210,960 | 33% | 214,340 |
| Utility Billing/Water Conservation | | | | | 399,783 | 212,383 | 53% | 180,203 |
| Total Operating Expenses | 4,682,409 | 2,222,819 | 47% | 2,182,139 | 5,787,246 | 3,055,334 | 53% | 3,064,256 |
| Operating Income (Loss) | 887,091 | 565,681 | | 586,211 | 353,817 | 1,314,336 | | 1,067,065 |
| Nonoperating revenue (expense) | | | | | | | | |
| Interest Income | 59,437 | 13,857 | 23% | 16,726 | 16,848 | 43,181 | 256% | 11,549 |
| Interest Expense/Debt Services | (573,410) | (289,490) | 50% | (297,135) | (243,249) | (134,848) | 55% | (158,960) |
| Principal Expense/Debt Services | (975,000) | (975,000) | 100% | (1,115,000) | (310,296) | (42,962) | 14% | (31,260) |
| Total Nonoperating revenue (expense) | (1,488,973) | (1,250,633) | | (1,395,409) | (536,697) | (134,629) | | (178,671) |
| Income before operating xfers | (601,882) | (684,952) | | (809,198) | (182,880) | 1,179,707 | | 888,394 |
| Operating transfers in | - | - | | - | 2,500,000 | - | | 560,789 |
| Operating transfers (out) | (220,000) | (110,000) | 50% | (331,643) | (420,000) | (210,000) | 50% | (364,341) |
| Net Income (Loss) | \$ (821,882) | \$ (794,952) | | \$ (1,140,841) | \$ 1,897,120 | \$ 969,707 | | \$ 1,084,842 |



City of Morgan Hill
Balance Sheets - Water and Sewer Funds
For the Month of December 2004
50% of Year Completed

| | Sewer Operations (640) | Sewer Expansion Stabilization Capital Projects (641-643) | Water Operations (650) | Water Expansion Stabilization Capital Projects (651-653) |
|---|---------------------------------------|---|---------------------------------------|---|
| ASSETS | | | | |
| Cash and investments: | | | | |
| Unrestricted | 2,198,555 | 6,215,424 | 3,570,574 | 4,105,469 |
| Restricted ¹ | 1,894,040 | 6,415,527 | 406,420 | 6,082,309 |
| Accounts Receivable | | 7,753 | | 589 |
| Utility Receivables | 748,333 | | 796,548 | |
| Less Allowance for Doubtful Accounts | (16,091) | | (19,501) | |
| Notes Receivable ² | | 10,477 | 273,763 | |
| Fixed Assets ³ | 31,101,346 | 11,110,295 | 24,500,753 | 10,533,791 |
| Total Assets | <u>35,926,183</u> | <u>23,759,476</u> | <u>29,528,557</u> | <u>20,722,158</u> |
| LIABILITIES | | | | |
| Accounts Payable and Accrued Liabilities | 272,911 | 110,628 | 75,291 | |
| Deposits for Water Services & Other Deposits | | | 39,163 | |
| Deferred Revenue ⁴ | | | | |
| Bonds Payable | 24,275,000 | | 5,830,437 | |
| Discount on Bonds and Other Liabilities | (2,565,506) | | (978,154) | 273,762 |
| Accrued Vacation and Comp Time | 53,325 | | 91,553 | |
| Total liabilities | <u>22,035,730</u> | <u>110,628</u> | <u>5,058,290</u> | <u>273,762</u> |
| FUND EQUITY | | | | |
| Contributed Capital | 7,735,831 | | 14,356,292 | |
| Retained Earnings | | | | |
| Reserved for: | | | | |
| Noncurrent water/sewer assets & debt | 9,338,527 | 11,110,295 | 19,830,680 | 10,533,791 |
| Encumbrances | 142,515 | 310,228 | 528,718 | 263,042 |
| Notes Receivable | | 10,477 | | |
| Restricted Cash | 1,894,040 | | 406,420 | 6,082,309 |
| Total Reserved Retained Earnings | 11,375,082 | 11,431,000 | 20,765,818 | 16,879,142 |
| Unreserved Retained Earnings | 2,515,371 | 12,217,848 | 3,704,449 | 3,569,254 |
| Total Fund Equity | <u>13,890,453</u> | <u>23,648,848</u> | <u>24,470,267</u> | <u>20,448,396</u> |
| Total Liabilities and Fund Equity | <u>35,926,183</u> | <u>23,759,476</u> | <u>29,528,557</u> | <u>20,722,158</u> |

¹ Restricted for Bond Reserve requirements and capital expansion.

² Includes Note for Sewer Financing Agreements.

³ Includes Water and Sewer infrastructure and the City's share of the Wastewater treatment plant.

⁴ Includes the deferred payment portion of the loans noted above.



City of Morgan Hill
Balance Sheets for Major Funds - Fiscal Year 2004/05
For the Month of December 2004
50% of Year Completed

ASSETS

Cash and investments:

Unrestricted

Restricted ¹

Accounts Receivable

Utility Receivables (Sewer and Water)

Less Allowance for Doubtful Accounts

Loans and Notes Receivable ²

Prepaid Expense

Fixed Assets ³

Total Assets

LIABILITIES

Accounts Payable and Accrued Liabilities

Deposits for Water Services & Other Deposits

Deferred Revenue ⁴

Bonds Payable

Discount on Bonds and Other Liabilities

Accrued Vacation and Comp Time

Total liabilities

FUND EQUITY

Contributed Capital

Fund Balance / Retained Earnings

Reserved for:

Noncurrent water/sewer assets & debt

Encumbrances

Restricted Cash

RDA properties held for resale

Loans and Notes Receivable

Total Reserved Fund Equity

Designated Fund Equity ⁵

Unreserved/Undesignated Fund Equity

Total Fund Equity

Total Liabilities and Fund Equity

| General Fund (Fund 010) | RDA (Fund 317) | L/M Housing (Fund 327/328) | Sewer (Fund 640) | Water (Fund 650) |
|----------------------------|-------------------|-------------------------------|---------------------|---------------------|
| 9,139,253 | 6,249,934 | 6,784,827 | 2,198,555 | 3,570,574 |
| 6,150 | | | 1,894,040 | 406,420 |
| 938,493 | 3,483 | 33,323 | | |
| | | | 748,333 | 796,548 |
| | | | (16,091) | (19,501) |
| 430,887 | 3,599,997 | 28,393,295 | 411 | 273,763 |
| 24,253 | | | | |
| | 71,049 | | 31,101,346 | 24,500,753 |
| 10,539,036 | 9,924,463 | 35,211,445 | 35,926,594 | 29,528,557 |
| 1,579,307 | 24,945 | 19,948 | 272,911 | 75,291 |
| 38,750 | | | | 39,163 |
| 629,527 | 3,625,719 | 28,530,124 | | |
| | | | 24,275,000 | 5,830,437 |
| | | | (2,565,506) | (978,154) |
| | | | 53,325 | 91,553 |
| 2,247,584 | 3,650,664 | 28,550,072 | 22,035,730 | 5,058,290 |
| | | | 7,735,831 | 14,356,292 |
| | | | | |
| | | | | |
| | | | 9,338,527 | 19,830,680 |
| 404,714 | 2,382,328 | 106,794 | 142,515 | 528,718 |
| | 71,049 | | 1,894,040 | 406,420 |
| 404,714 | 2,453,377 | 106,794 | 11,375,082 | 20,765,818 |
| 4,109,213 | | | | |
| 3,777,525 | 3,820,422 | 6,554,579 | 2,515,782 | 3,704,449 |
| 8,291,452 | 6,273,799 | 6,661,373 | 13,890,864 | 24,470,267 |
| 10,539,036 | 9,924,463 | 35,211,445 | 35,926,594 | 29,528,557 |

¹ Restricted for Petty Cash use, Bond Reserve requirements and sewer and water capital expansion.

² Includes Housing Rehab loans, Financing Agreements for Public Works Fees and loans for several housing and Agency projects.

³ Includes Water and Sewer infrastructure, the City's share of the Wastewater treatment plant and RDA properties held for resale.

⁴ Includes the deferred payment portion of the loans noted above.

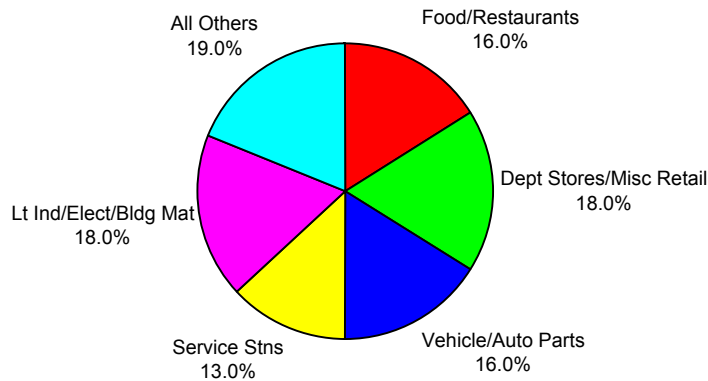
⁵ Designated as a general reserve.



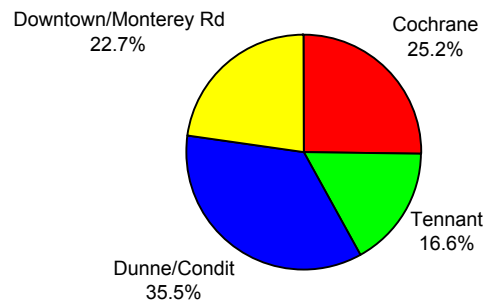
City of Morgan Hill
Sales Tax Comparison - Fiscal Year 2004/05
For the Month of December 2004
50% of Year Completed

| Month | Amount Collected for Month for Fiscal Year | | | Amount Collected YTD for Fiscal Year | | | Comparison of YTD for fiscal years | |
|--------------------------------------|--|-----------|-----------|--------------------------------------|--------------------|--------------------|------------------------------------|----------------|
| | 04/05 | 03/04 | 02/03 | 04/05 | 03/04 | 02/03 | 04/05 to 03/04 | 04/05 to 02/03 |
| July | \$307,500 | \$338,300 | \$367,600 | \$307,500 | \$338,300 | \$367,600 | (30,800) | (60,100) |
| August | \$401,200 | \$451,000 | \$447,000 | \$708,700 | \$789,300 | \$814,600 | (80,600) | (105,900) |
| September | \$518,724 | \$232,994 | \$361,932 | \$1,227,424 | \$1,022,294 | \$1,176,532 | 205,130 | 50,892 |
| October | \$223,145 | \$316,100 | \$354,915 | \$1,450,569 | \$1,338,394 | \$1,531,447 | 112,175 | (80,878) |
| November | \$299,300 | \$421,400 | \$474,800 | \$1,749,869 | \$1,759,794 | \$2,006,247 | (9,925) | (256,378) |
| December | \$442,460 | \$331,624 | \$384,154 | \$2,192,329 | \$2,091,418 | \$2,390,401 | 100,911 | (198,072) |
| January | | \$349,500 | \$368,600 | | \$2,440,918 | \$2,759,001 | | |
| February | | \$428,600 | \$487,195 | | \$2,869,518 | \$3,246,196 | | |
| March | | \$292,930 | \$225,908 | | \$3,162,448 | \$3,472,104 | | |
| April | | \$340,500 | \$292,698 | | \$3,502,948 | \$3,764,802 | | |
| May | | \$385,525 | \$394,500 | | \$3,888,473 | \$4,159,302 | | |
| June | | \$261,782 | \$477,624 | | \$4,150,255 | \$4,636,926 | | |
| Year To Date Totals | | | | \$2,192,329 | \$4,150,255 | \$4,636,926 | | |
| Sales Tax Budget for Year | | | | \$4,600,000 | \$4,650,000 | \$5,330,000 | | |
| Percent of Budget | | | | 48% | 89% | 87% | | |
| Percent of increase(decrease) | | | | | | | 5% | -8% |

**Sales Tax Distribution
by Business Segment
Second Quarter 2004**



**Sales Distribution
by Area
Second Quarter 2004**





CITY COUNCIL STAFF REPORT

MEETING DATE: *January 26, 2004*

MORGAN HILL LIBRARY

Selection of Construction Management Firm

RECOMMENDED ACTION(S): Authorize the City Manager to execute a Consultant Agreement with TBI Construction Management, Inc for a total fee not to exceed \$1,195,000, subject to review by the City Attorney.

EXECUTIVE SUMMARY:

At the October 27 meeting, Council directed staff to use an alternate project management approach called multiple-prime to deliver the new Morgan Hill Library and to proceed with the construction management (CM) selection process.

Staff issued a Request for Qualifications and Proposal (RFP) to nine (9) CM firms. The RFP requested a firm with extensive knowledge of the multiple-prime project delivery method. The City also desired a CM with extensive public facility construction who is experienced with real-time costs, schedules and construction means and methods for projects in the region. Four proposals were received December 15. Staff reviewed the proposals and held interviews on January 10, 2005 with the two firms that met our minimum qualifications of having completed five similar sized projects using the multiple-prime process within the last five years.

Staff considered the following criteria during the evaluation process:

- A. Experience / strength of proposed project team and city point of contact.
- B. Experience with multiple-prime method of delivering a project.
- C. Demonstrated ability to produce work on schedule and within budget.
- D. Description of their approach to this project and process.
- E. Ability to execute City Consultant Agreement.

Based on staff's review of the proposals and interviews, staff recommends the selection of TBI Construction Management, Inc (TBI). Staff selected TBI because of the strength and experience of the team they proposed for the project. TBI committed top principal and personnel with considerable management and construction experience using the multiple-prime delivery method. As a firm, they have 15 years experience using the multiple-prime process for nearly 70 projects without legal entanglements. TBI will assist the City through the entire design and construction process with full-scope pre-construction and construction phase services. Attached is TBI's detailed fee and scope of work staff negotiated for the project. TBI's fee (\$1,195,000) for services is approximately 10.4% of construction costs, which is less than the traditional combined general contractors and CM services fee of approximately 14 %.

Once the CM firm is hired, the next step is to convene a project initiation meeting with TBI, the architect, and county library staff to discuss the overall approach, project management team and schedule.

FISCAL IMPACT: Sufficient funding exists in the Library CIP project budget for these professional services.

Agenda Item #3

Prepared By:

Sr. Project Manager

Approved By:

BAHS Director

Submitted By:

City Manager



CITY COUNCIL STAFF REPORT

MEETING DATE: January 26, 2005

Agenda Item #4

Prepared By:

**Recreation &
Community Services
Manager**

Submitted By:

City Manager

AQUATICS CENTER BUDGET UPDATE

RECOMMENDED ACTION(S):

For information only.

EXECUTIVE SUMMARY:

At the City Council meeting of October 26, 2004, staff was directed to proceed with operating the Aquatics Center based on the projected cost recovery budget presented. Staff was also directed to provide Council with an update after three months to determine if the budget was still on track with the threshold that there would be no negative impact or subsidy by the general fund to the programming of the Aquatics Center by the end of this fiscal year. This decision has resulted in the aquatics center remaining open during the off-season to community members and swim team users.

Staff is returning with the revised operating budget reflecting actual from the previous months. Per budget and estimates, the aquatics programming remains on target and the facility remains open to the community and swim team users.

In November and December we had higher than anticipated participation in Masters Swimming/Lap Swim and our Water Fitness program. In November we had projected 4 participants and had a total of 93 registrations while during the holiday month of December our total was approximately 74. We anticipate these numbers to rise as we head into spring. Staff is further developing additional programs and preparing for spring swim lessons.

The programming is coordinated with the swim team uses and waterpolo. There was even a waterpolo tournament held on December 11 with six teams competing.

January and February will be focused on program development and marketing for our spring and summer sessions. An ad has been placed with Bay Area Parent Magazine in their summer camp section and flyers will be distributed to local schools soon announcing our swim lesson program. Concessions and retail are being geared up for the upcoming swim meets following in the next few months.

FISCAL IMPACT: It is estimated that there will be no impact to the general fund for operations or maintenance.



CITY COUNCIL STAFF REPORT

MEETING DATE: January 26, 2005

Agenda Item # 6

Prepared By:

Deputy Director PW

Approved By:

Department Director

Submitted By:

City Manager

VTa PRESENTATION OF VTP 2030 PROGRAM

RECOMMENDED ACTION: Hear presentation from VTA staff on proposed Valley Transportation Plan (VTP) 2030.

EXECUTIVE SUMMARY: The Valley Transportation Authority (VTA), which has been designated the Congestion Management Agency for Santa Clara County, has recently released the draft long-range county-wide transportation plan, called the Valley Transportation Plan (VTP) 2030. This document is an update to VTP 2020 and provides a planning framework for making key transportation decisions and a strategic direction for VTA's involvement in land use and other livability issues. VTA's Board of Directors is scheduled to adopt the plan at its February 4, 2005 meeting.

The City Council has received reports from City staff at its March 17, 2004 and July 7, 2004 meetings on the progress of VTP 2030. At those meetings, however, the entire draft document was not available for review. At the urging of the Board of Directors, VTA staff has offered to present the draft version that will be taken before the Board on February 4th.

The wide variety of transportation projects in VTP 2030 are contained in the program area project lists that the VTA Board of Directors adopted at its April 2004 meeting. The program area project lists are broken down into several categories. The categories are Transit, Freeway/Highways, Expressways, Local Streets and County Roads (LS&CR), Intelligent Transportation Systems (ITS), Bicycle, Sound Mitigation, Landscape and Graffiti Removal, Pavement Management, and Livable Communities. The City of Morgan Hill will be participating with projects listed in six of the categories. In addition, other regional projects, such as the widening of Highway 101 between Morgan Hill and Gilroy and Caltrain expansion into South County are also in the plan. Attached to this report is a list of the City's projects.

Staff believes that it is important for the Council to be aware that one of the changes in the proposed VTP 2030 vs. VTP 2020 is that the boundary drawn for South County now extends well into south San Jose. The VTP 2020 South County region had its northerly boundary at Metcalf Road while the proposed VTP 2030 plan moves the boundary north to Blossom Hill Road. The significance of this is yet to be determined but projects in south San Jose are now lumped in with the south county communities of Morgan Hill, Gilroy, and unincorporated Santa Clara County.

FISCAL IMPACT: One of the main purposes of VTP 2030 is to list projects that are eligible in the future for various State and Federal funding sources, including grant funding.



REDEVELOPMENT AGENCY MEETING

DATE: *January 26, 2005*

EXTENSION OF EXCLUSIVE RIGHT TO NEGOTIATE AGREEMENT (ERN) WITH EL TORO BREWING

Agenda Item #7

Approved By:

BAHS Director

Submitted By:

Executive Director

RECOMMENDED ACTION(S): Authorize the Executive Director to: 1) prepare, and execute a second amendment to the ERN with El Toro Brewing to extend the ERN deadline to June 24, 2005 with ability to grant administrative extensions and 2) begin preparation of a Disposition and Development Agreement (DDA).

EXECUTIVE SUMMARY: On January 21, 2004, the Redevelopment Agency (Agency) selected El Toro Brewing Company (El Toro) as the developer for a restaurant/brew pub in the police building at 17605 Monterey Road. In March 2004, the Agency approved key milestones for performance and established baseline business terms for the ERN. In July 2004, the Agency approved a 90 day extension of the ERN period to October 12, 2004 to allow more time for El Toro to secure financing. In September 2004, the Agency approved an extension to November 30, 2004 with the possibility of two 30 day extensions under specific conditions.

Under the current ERN, El Toro was granted one 30 day administrative extension to secure their cash equity loan for the project. This extension moved the overall ERN expiration date from November 30th to December 30, 2004. El Toro received their equity loan approval on December 27, 2004. However, El Toro could not meet the December 30th deadline to obtain construction financing. The ED Subcommittee members (Councilmembers Carr and Tate) responsible for the El Toro project recognize that El Toro has met a key milestone in obtaining its cash equity loan, but did not meet the schedule of performance in doing so. The Subcommittee finds that since the Agency is so far along in the process to switch gears now would only serve to delay the project. As a result, the ED Subcommittee is recommending an extension with penalties in the event deadlines are not met. Towards this end, staff has developed the attached Schedule of Performance (Schedule). The following is a brief summary of the Schedule:

- By April 1st- El Toro completes construction drawings (CD's) and submits complete loan application for construction financing. Staff may grant up to 5 two week extensions. The first extension will require a \$20,000 non-refundable deposit. The subsequent two week extensions will result in 25% of the \$20,000 deposit not being applied to the purchase price. El Toro could complete its construction drawings as late as June 10, 2005.
- By April 15th- El Toro must submit for building permits. This deadline would be extended day for day depending on the completion date for the CD's. Failure to submit by June 24th will require another \$20,000 non-refundable deposit in exchange for a 4 week extension to July 22nd.
- By June 10th - El Toro must receive construction loan approval. This deadline would be extended based on when the CD's are completed. One final 30 day extension may be granted in exchange for another \$20,000 non-refundable deposit. El Toro could receive construction loan approval as late as Sept. 29th.
- By June 24th – El Toro must pull building permits. This deadline would be extended depending on when El Toro submitted for permits. Failure to pull permits by September 30th will require another \$20,000 non-refundable deposit in exchange for one last 30 day extension to October 30, 2005.

If El Toro were to request all the available extensions and complete its work prior to the extension deadlines, El Toro would have paid \$80,000 in non-refundable deposits of which \$60,000 would apply toward the purchase price. The Agency would have the right to terminate the agreement should El Toro fail to meet any of the deadlines adjusted for extensions. Staff is meeting with El Toro to discuss these terms and will report at the meeting the result of these discussions.

FISCAL IMPACT: None at this time.



CITY COUNCIL STAFF REPORT

MEETING DATE: January 26, 2005

Agenda Item # 8

Prepared By:

**Recreation &
Community Services
Manager**

Submitted By:

City Manager

PUBLIC-PRIVATE PARTNERSHIP OF THE OUTDOOR SPORTS COMPLEX REQUEST FOR PROPOSALS

RECOMMENDED ACTION(S):

Authorize release of the attached request for proposal.

EXECUTIVE SUMMARY:

At the City Council meeting of December 15, 2004, staff was directed to proceed with request for proposals for potential public-private partnership of the operations and capital development of the proposed outdoor sports complex. The master conceptual plan for the complex was approved at that time.

Staff is returning with the proposed Request for Proposal for Public-Private Partnership and is requesting Council's approval on the packet requirements for distribution.

FISCAL IMPACT: Undetermined at this time but intent is to provide a funding source for the operational costs of the Outdoor Sports Complex.



CITY COUNCIL STAFF REPORT

MEETING DATE: January 26, 2005

Agenda Item # 9

Prepared By:

**Recreation &
Community Services
Manager**

Submitted By:

City Manager

PRESENTATION BY MORGAN HILL AQUATIC CENTER, INC.

RECOMMENDED ACTION(S): Receive report from the Morgan Hill Aquatic Center, Inc.

EXECUTIVE SUMMARY:

The Morgan Hill Aquatic Center, Inc. Foundation was established in 2001 initially to support the construction funding of the aquatic center project at that time. As time evolved, the focus for the foundation changed to provide subsidized funding for the operations of the center, and more specifically, the 50 meter pool during the off-season so there would be a year-round competition/training pool available to swim teams and the community. Otherwise, per Council direction, the center would be closed to everyone during the off-season as the facility is to be 100% cost recovery.

In that regard, the Aquatic Foundation has provided subsidized funding for team rental fees, water polo, and masters programs. Aquatic Center equipment purchases include starting blocks, backstroke flags, timing console and water polo scoreboard. A representative from the foundation will be present to discuss the report and answer questions.

Attachment A is the Morgan Hill Aquatic Center, Inc. report and attachment B is their By-laws.

FISCAL IMPACT: None.



CITY COUNCIL STAFF REPORT

MEETING DATE: January 26, 2005

DOWNTOWN TRAFFIC CALMING, CONTINUED CONSIDERATION

RECOMMENDED ACTION(S): For Council discussion and direction to staff.

Agenda Item # 10

Prepared By:

Public Works Director

Submitted By:

City Manager

EXECUTIVE SUMMARY: At our January 19, 2005 City Council meeting, Council considered various traffic calming options in our downtown as presented by staff. The final action at the Council meeting was a continuation until tonight's meeting so that City Council could further review the options and the preferred options of the various Council members. Attached is a list of the items discussed by one or more Council members at our January 19, 2005 meeting with estimated costs designated so that Council can decide which options will be selected for implementation.

Also at the Council meeting, the Downtown Association commented that the pedestrian buttons mounted in the island of 2nd Street at Monterey were not easily accessible and should be more accessible. Staff would point out that staff is addressing that concern, Exhibit F on page 415 item 3 notes that City staff did review the pedestrian button issue when it was brought to our attention at the Downtown Association meeting on December 7, 2004, and as stated in the staff report, staff will be having a contractor within the next few weeks remove the cobbles and replace with concrete to improve access to the pedestrian buttons.

FISCAL IMPACT: \$125,000 is currently set aside in the RDA budget to fund downtown traffic calming in accordance with the Downtown Plan. Additional funding for focused traffic enforcement cannot be funded with RDA revenues.

**FURTHER LISTING OF DOWNTOWN TRAFFIC CALMING OPTIONS,
Refinement of List Presented January 19, 2005 (attached)**

| | | | |
|----|----|--|------------|
| A) | 2. | 12' Lane reduction striping to 10.5' lanes | \$ 15,000 |
| | 3. | High visibility crosswalks at 1 st and 3 rd Streets | \$ 10,000 |
| | 4. | a) Two "mountable" and removable speed cushions 3 rd Street | \$ 25,000 |
| | | b) Trees in median at 4 th Street | \$ 25,000 |
| B) | 2. | B2-Imbedded pavement lights at 1 st and 3 rd Streets | \$ 100,000 |

Other Options Discussed

| | | |
|----|--|--------------|
| 1. | Banner poles at entrances, steel poles with cables across Monterey | \$ 40,000 ea |
| 2. | A1 as trial – curb bulbout fronting Community Center (using 24" tall delineators, 5 ft on center) | \$ 10,000 |
| 3. | Periodic PD overtime for speed/pedestrian crossing enforcement in Downtown (General Fund expenditure) <i>(Chief Cumming to detail at meeting)</i> | \$ 5,000 |



CITY COUNCIL STAFF REPORT

MEETING DATE: January 26, 2005

Agenda Item # 11

Prepared By:

Planning Manager

Submitted By:

City Manager

DOWNTOWN AREA BUILDING ALLOTMENT (Continued from meeting of 1/19/05)

RECOMMENDED ACTION(S):

Adopt Resolution.

EXECUTIVE SUMMARY:

On October 27, 2004, the City Council considered a report on ways to supplement the Measure C building allotment for the Downtown Area. The report also addressed whether to extend the competition for the Downtown Allotment into a second and third year, and whether to advance the filing deadline for the competition. The Council referred the matter to the Planning Commission for recommendation. The Commission reviewed the item at their December 14, 2004 meeting and voted to recommend the Council increase the Downtown set-aside as outlined in the attached memorandum.

Staff is aware of at least four potential projects that would compete in next year's Downtown Area competition. It is anticipated that these projects combined will require around 160 to 200 building allocations to complete building out. To provide additional building allocations for downtown projects in Fiscal Year 2007-08, the Planning Commission recommends the Council redistribute the Open/Market Competition set-aside in that year and allocate 40 additional units to the Downtown Area. The 40 additional units would be subtracted from the other Open/Market set-asides (Single Family, Small Project and Any of the above categories). This would increase the Downtown set-aside to 80 units.

To provide sufficient allocations to complete the Downtown projects, the Commission recommends the City Council authorize next year's Downtown competition to extend into a second year (FY 2008-09) and third year (2009-10). The Planning Commission recommends that 40 allocations be reserved in the Open/Market Competition in FY 2008-09 for the Downtown Area, plus an additional 40 units reserved in FY 2009-10. The total set-aside from 2006 through 2009-10, as recommended by the Planning Commission, will equal **215 units**. The Planning Commission recommends the Council approve the increase set-aside for the Downtown Area by adoption of the attached Resolution.

Separate Affordable Competition: As noted in the attached memorandum, the City did not receive any applications this year for separate affordable projects competition. The unused affordable allotment for FY 2006-07 will be awarded to projects in the current Open/Market Competition. To preserve the affordable allotment for the next fiscal year (2007-08), the Planning Commission recommends the Council authorize a separate affordable competition to be held in 2005. The Commission recommends the filing deadline be either July or September 1, 2005.

For the Downtown Area competition, the Commission recommends the filing deadline be set no earlier than July 1, 2005. This will allow the Commission sufficient time to complete necessary revisions to the scoring criteria following this year's competition.

FISCAL IMPACT: No budget adjustment required.



MEMORANDUM

To: CITY COUNCIL

Date: January 19, 2005

From: COMMUNITY DEVELOPMENT DEPARTMENT

Subject: DOWNTOWN AREA BUILDING ALLOTMENT

BACKGROUND

On October 27, 2004, the City Council considered a report on ways to supplement the Residential Development Control System building allotment for the Downtown Area. The report also addressed whether to extend the competition for the Downtown Allotment into a second and third year, and whether to advance the filing deadline for the competition. It was the consensus of the City Council at this meeting, that the Downtown set-aside should be increased. The matter was then referred to the Planning Commission for recommendation.

The Planning Commission reviewed the Downtown Allotment at their December 14, 2004 meeting and voted to recommend the Council increase the Downtown set-aside as outlined in the following sections of this report.

Current Downtown Set-Aside:

For the Downtown Area, the Council originally set-aside 15 building allocations for open/market rate projects for Fiscal Year 2006-07 and 40 building allocations for FY 2007-08 (55 units total for the two fiscal years). Ten allocations were also set-aside in each of the two fiscal years for small vertical mixed use projects. The Vertical Mixed Use set-aside is limited to projects that are a maximum of 15 residential units in combination with office or retail uses. Vertical mixed use is also limited to areas that are zoned for mixed use, such as the CC-R district, which includes most of the downtown area. Between the Downtown Area and Vertical Mixed Use set-asides, up to 75 building allocations are currently available for downtown projects.

Downtown Allocation Available
Two Year Competition

| | <u>FY 2006-07</u> | <u>FY 2007-08</u> | <u>Total</u> |
|--------------------------------|--------------------------|--------------------------|---------------------|
| Downtown Area Set-Aside | 15 | 40 | 55 |
| Vertical Mixed Use | 10 | 10 | 20 |
| | <u>25</u> | <u>50</u> | <u>75</u> |

Current Downtown Area Projects:

The filing deadline for this year's RDCS application was October 1, 2004. Twenty four (24) applications were filed on that date. Three (3) of the 24 projects received are located in the downtown area and two of the three downtown projects also qualify under the Vertical Mixed Use set-aside. The three downtown projects are as follows:

1. Application MC-04-15: Church-Alcini: A 14 unit single family attached residential project located at the corner of Church Street and Bisceglia Avenue.
2. Application MC-04-16: E. First - Sherman House Association: A mixed use project with retail and parking on the 1st floor, office space and 10 residential units on the second and third floors. The project site is located between East First and East Second Street behind the Downtown Mall.
3. Application MC-04-20: Depot - The Granary LLC: A mixed use project that lists retail on the first floor and 11 residential units on the second and third floors. The project site is the location of the current Day workers Center.

The three projects combined are requesting 35 building allocations.

Downtown Area 2005 Competition:

If all three of the above downtown projects ultimately receive a building allotment, 40 building allocations would remain to be awarded to new downtown area projects. The City Council previously authorized a separate Downtown Area competition to be conducted next year to award the balance of the Downtown Area allotment. The filing deadline for next year's competition is September 1, 2005.

As mentioned in prior Council discussion, staff is aware of at least four potential projects that would compete in next year's Downtown Area competition. The proponents for these projects are waiting for the City to complete amendments to the General Plan that are part of

Downtown Area Building Allotment

Page 3

the update of the Downtown Plan. The General Plan Amendments will allow increased residential densities in areas identified as opportunity sites in the Downtown Plan. These sites include the former Sunweet property on East Third Street and the Flea Market and Associated Concrete properties north of the Cal Train Station on Butterfield and East Main Avenue. The General Plan amendment that these sites require to compete under Measure C is scheduled for the City Council's January 19, 2005 meeting.

The number of building allocations required for new downtown area projects cannot be determined at this time. However, based on discussions with prospective applicants, we anticipate the allotment request to be in the range of 160 to 200 building allocations. As noted above, 40 allocations would be available if the current downtown projects are successful.

Supplemental Building Allotment for Downtown Projects:

To provide additional building allocations for downtown projects in Fiscal Year 2007-08, the City Council could transfer building allocations from one or more of the other set-aside categories in that fiscal year, or authorize next year's competition to extend into the following year (FY 2008-09). For the first option, the Council would need to transfer allocations from either the Large or Small Project set-asides in the Open/Market competition or transfer allocation from the set-aside that has been reserved for 100 percent affordable projects. Previously, the Council set-aside 50 allocations for affordable projects for FY 2006-07 and 50 allocations for FY 2007-08. No applications were filed this year for the two-year Affordable competition. Therefore, the 50 allocations reserved for affordable projects in FY 2007-08 would be available to transfer to market rate projects in the Downtown Area. Alternately, the Council could reserve a greater percentage of the building allotment in the open market competition for projects in the Downtown Area.

The following tables show the current distribution of building allocations for FY 2007-08 for all competition categories:

| <u>Fiscal Year 2007-08 Allocation:</u> | <u>Units</u> |
|---|---------------------|
| On-Going Projects | 45 |
| Vertical Mixed Use Projects | 10 |
| Affordable Competition | 50 |
| Micro Competition | <u>10</u> |
| Sub-Total: | 115 |
| Open/Market Competition: | |
| Single-family | 45 |
| Small Projects | 15 |

Downtown Area Building Allotment

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| | |
|------------------|-----------|
| Downtown Area | 40 |
| Multi-family | 15 |
| Any of the above | <u>20</u> |

Sub-Total: 135

Grand Total: 250

To increase the set-aside for the Downtown Area, in FY 2007-08, the Planning Commission recommends the Council redistribute the Open/Market Competition and allocate 40 additional units, for 80 units total, to the Downtown Area. The 40 additional units would be subtracted from the other Open/Market set-asides (Single Family, and Any of the above categories).

The following tables show the modified distribution of building allocations for FY 2007-08 for all competition categories as recommended by the Planning Commission:

| <u>Fiscal Year 2007-08 Allocation:</u> | <u>Units</u> |
|---|---------------------|
| On-Going Projects | 45 |
| Vertical Mixed Use Projects | 10 |
| Affordable Competition | 50 |
| Micro Competition | <u>10</u> |
| Sub-Total: | 115 |

Open/Market Competition:

| | |
|------------------|----------|
| Single-family | 25 |
| Small Projects | 15 |
| Downtown Area | 80 |
| Multi-family | 15 |
| Any of the above | <u>0</u> |

Sub-Total: 135

Grand Total: 250

Three Year Competition:

Measure C allows up to three years worth of building allocations to be awarded in a single competition. To provide the anticipated number of allocations for new projects in the Downtown Area, the Planning Commission recommends the City Council authorize next year's Downtown Area competition to extend into a second year (FY 2008-09) with the

Downtown Area Building Allotment

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balance of the allocation needed to complete downtown projects, extending into a third year (2009-10). The Planning Commission recommends that 40 allocations be reserved in the Open/Market Competition in FY 2008-09 for the Downtown Area, plus an additional 40 units reserved for the Downtown in FY 2009-10. In addition, in each of these years, 10 additional units will be available in the Downtown for vertical mixed used projects.

As noted previously, up to 35 allocations may be awarded to Downtown projects in the current competition for FY 2006-07. Therefore, the total set-aside from 2006 through 2009-10 would equal **215 units**.

Moving up the Filing Date for the Downtown Area Competition:

As stated previously, the City Council authorized a separate Downtown Area Competition next year with a filing deadline of September 1, 2005. The City Council may establish an earlier filing deadline for the Downtown competition, if warranted, based on when potential projects would be able to proceed through the competitive process. Moving up the filing deadline does not accelerate the timing of when projects could begin, but could bring earlier certainty for property owners and project proponents. The earliest that new downtown projects would be eligible to apply would be after the Downtown Plan General Plan Amendments are approved by the City Council in January 2005.

Should the Council wish to establish an earlier filing date, the Planning Commission recommends the filing date be no earlier than **July 1, 2005**. The Planning Commission will need time following this year's Measure C competition to revise the scoring criteria for the next competition. Vertical Mixed use projects in particular, do not score well under the current criteria. The Planning Commission will be appointing a subcommittee at their February 8, 2005 meeting to begin work on revising the scoring criteria. The revision process is expected to take several months to complete.

Maintaining the Affordable Housing Set-Aside/ Conducting a 2005 Affordable Competition:

Policy 1i of the Housing Element of the General Plan requires the City to reserve a minimum of 20 percent of the total annual RDCS building allocation for 100 percent affordable (very low, low and median income) housing. The 50 building allocations reserved for affordable projects in FY 2006-07 and FY 2007-08 represent 20 percent of the total building allotment in each of those years. Measure C requires a building allotment to be issued no less than 16 months prior to the start of the first fiscal year in which the allotments must be used (March 1, 2005 for the FY 2006-07 building allotment). To meet the statutory deadline for awarding allocations, the Planning Commission must award the unused FY 2006-07 Affordable set-aside to projects in the other competition categories. To preserve the Affordable set-aside for FY 2007-08, (which must be awarded by March 1, 2006), the Planning Commission recommends the City Council authorize a separate Affordable competition to be conducted next year with a filing deadline of July or September 1, 2005.

RECOMMENDATION: Adopt Resolution approving a revised number, term and filing deadline for the next Downtown Area and Affordable RDCS competitions.

Attachments:

1. Resolution 5800
2. Exhibit C – Limits of the Downtown Area
3. Resolution authorizing Affordable and Downtown Area Competitions in 2005.

R:\PLANNING\WP51\RDCS\MC\2005\MC Competition 2005.m2c.doc

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING THE DISTRIBUTION AND TERM FOR THE MEASURE "C" AFFORDABLE AND DOWNTOWN AREA COMPETITIONS TO BE CONDUCTED DURING FISCAL YEAR 2005-2006.

WHEREAS, a building allotment under the City's Residential Development Control System would be available in the 2007-08 fiscal year; and

WHEREAS, the City Council has reviewed recommendations contained in the January 19, 2005 staff report on this item, and has determined that the total number and recommended distribution of building allotment contained therein, as amended, is consistent with the General Plan and the City Code requirements under Chapter 18.78 of the Morgan Hill Municipal Code; and

WHEREAS, testimony received at the January 19, 2005 public meeting has also been considered in the review process;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MORGAN HILL THAT:

SECTION 1: Pursuant to Sections 18.78.030 and 18.78.184 of the Morgan Hill Municipal Code, City Council hereby authorizes a Residential Development Control System (Measure C) competition to be conducted during the current fiscal year.

SECTION 2: Pursuant to Section 18.78.030 (C) of the Municipal Code, the City Council hereby approves:

A. A portion of the building allocation shall be reserved for affordable, market rate and micro project competitions as outlined in the attached Exhibit "A".

B. A portion of the building allotment shall also be reserved for downtown area projects and for small vertical mixed used projects as outlined in the attached Exhibit "A".

C. The distribution of allotment as set forth in Exhibit "A" may be adjusted by the Planning Commission as deemed necessary to respond to changes in the housing market (change in the build-out rate for existing projects, increase demand for particular housing types, etc.).

D. The distribution of allotment by housing type and number of dwelling units may be modified by the Planning Commission at time of award of allotment based on demand for a particular unit type as provided in the attached Exhibit.

E. The Measure C competitions authorized by this Resolution shall be for the purpose of awarding a portion of the Fiscal Year 2007-08 allotment for affordable projects and projects in the Downtown Area. The Planning Commission may award additional allocations into FY 2008-09 and 2009-10 as needed to complete a project.

SECTION 3: The filing deadlines for the FY 2007-08 Downtown Area and Affordable competitions shall be September 1, 2005. The Council may establish an earlier filing deadline for the Downtown competition, if warranted, based on when potential projects would be able to proceed through the competitive process.

PASSED AND ADOPTED THIS 19th DAY OF JANUARY 2005, AT A REGULAR MEETING OF THE MORGAN HILL CITY COUNCIL BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

Exhibit "A"

| <u>Fiscal Year 2007-08 Allocation:</u> | <u>Units</u> |
|---|---------------------|
| On-Going Projects | 45 |
| Vertical Mixed Use Projects | 10 |
| Affordable Competition | 50 |
| Micro Competition | <u>10</u> |
| Sub-Total: | 115 |
| Open/Market Competition: | |
| Single-family | 25 |
| Small Projects | 15 |
| Downtown Area | 80 |
| Multi-family | 15 |
| Any of the above | <u>0</u> |
| Sub-Total: | 135 |
| Grand Total: | 250 |

| <u>Fiscal Year 2008-09 Allocation:</u> | <u>Units</u> |
|---|---------------------|
| Vertical Mixed Use Projects | 10 |
| Open/Market Downtown Area | 40 |
| <u>Fiscal Year 2009-10 Allocation:</u> | |
| Vertical Mixed Use | 10 |
| Open/Market Downtown Area | 40 |



CITY COUNCIL STAFF REPORT
MEETING DATE: January 26, 2005

**COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
RE-PROGRAMMING OF FUNDS**

RECOMMENDED ACTIONS:

1. Consider re-programming of \$35,724 in FY2004-2005 CDBG Funds.
2. If approved, authorize the City Manager to do everything necessary and appropriate to reprogram CDBG funds including the execution of all required documents to transfer funds to the Day Worker Center Site Improvements Project

EXECUTIVE SUMMARY: For Fiscal Year 2004-05, the City Council appropriated \$63,724 to the Friendly Inn Renovation project. This project is for the renovation and expansion of the City's building known as The Friendly Inn for the possible expansion of the El Toro Youth Center and other community uses. The first step in the process is to prepare a Master Plan to program the facility. In December 2005, the City approved a contract for \$28,000 with Weston-Miles Architects to prepare the Master Plan. As a result, \$35,724 is available to be reprogrammed to other eligible activities if desired by the Council. The Mayor has requested that the City reprogram the \$35,724 from the Friendly Inn Renovation Project to the Day Worker Site Improvements Project. This project had previously received \$100,000 in CDBG funds over the past two years. The reprogrammed funds will be used to complete the on-site/tenant improvements needed for the Day Worker Center. The reprogramming of these funds will have no impact on the timeline of the Friendly Inn Renovation project. However, the Friendly Inn Renovation Project would need to reapply for \$35,724 during the FY05-06 funding cycle to replace these funds, if needed, for other related activities such as a Section 108 loan to construct the project.

As a participating jurisdiction in the County's small cities CDBG Program, this reprogramming request must be approved by the County Board of Supervisors prior to spending the funds. County H.C.D. indicates this could take upwards of two months to process this request to the Board of Supervisors. Based on this timeline, funds would be available in March or April of this year. As an alternative, the Council may also choose to leave the funds where they are and reprogram the available funds during the regularly scheduled FY05-06 CDBG funding cycle which is scheduled to take place in March 2005.

FISCAL IMPACT: Depends on action taken by Council.

Agenda Item # 12

Prepared By:

Municipal Services Assist.

Submitted By:

BAHS Director

Approved By:

City Manager